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Daily Report
East Asia

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OCA Official on 'Goodwill' Invitation to Li

OW3009144294 Tokyo KYODO in English 1124 GMT 30 Sep 94

[FBIS Transcribed Text] Hiroshima, Sept. 30 KYODO—President Ahmad Al-Fahd of the Olympic Council of Asia (OCA) said Friday [30 September] he has sent an invitation out of goodwill to Taiwanese President Li Teng-hui to attend the Hiroshima Asian Games.

Although the OCA later retracted its invitation to avoid political chaos, Ahmad, who arrived at Hiroshima Airport earlier in the day, said he had no political intentions in the situation.

"We wanted to make the (Taiwanese) Government interested in the Asian Games by inviting him to the opening ceremonies," Ahmad said at a news conference at the main press center.

"Everyone thinks the problem was (originated) from the OCA," Ahmad said. "But we tried to find a solution and decided to draw back the invitation."

Ahmad said he thinks the solution was acceptable to all and that what is going on now is a problem involving countries. He added, "it's not an OCA matter."

Chinese officials have been voicing opposition to a planned visit by Taiwanese Vice Premier Hsu Li-te to the opening ceremonies scheduled for Sunday.

Hsu, who also serves as chairman of Taiwan's 2002 Asian Games Bidding Committee, was granted an ID by the games organizers to enter Japan without a visa since he was considered a sports figure.

"We are dealing with Hsu as a sports person, not a politician," Ahmad said.

IOC Head Welcomes PRC, Taiwan to Asiad

OW0110141494 Tokyo KYODO in English 1346 GMT 1 Oct 94

[FBIS Transcribed Text] Hiroshima, Oct. 1 KYODO—President of the International Olympic Committee (IOC) Juan Antonio Samaranch on Saturday [1 October] welcomed both China and Taiwan to the Hiroshima Asiad, while complementing the host nation for doing "a wonderful job."

Speaking at a press conference following a reception given by Crown Prince Naruhito for Asian sports officials, Samaranch said the fact that both "a team from the Taiwan, Taipei Olympic Committee and from the Chinese Olympic Committee are present," is what is most important to the IOC.

The IOC president refused to go into the controversy over Taiwan's Deputy Premier Hsu Li-te attendance at the games, an issue which has incensed the Chinese delegation.

However, he did praise the importance of international sporting events as a way to overcome political problems and develop friendship and understanding among peoples.

The long-standing IOC president said he "knew very well the capacity of the Japanese people" to undertake such games, especially at the Olympics in Sapporo and Tokyo and hoped the Hiroshima Asiad, with a record number of athletes, would be a success.

"Finally we are very pleased that this year, 1994, is the centennial of the International Olympic Committee and that is a long, long way for international and international sports communications," he said.

Chinese Attend Reception Despite Hsu's Presence

OW0110124794 Tokyo KYODO in English 1207 GMT 1 Oct 94

[FBIS Transcribed Text] Hiroshima, Oct. 1 KYODO—Chinese sports officials kept their distance from Taiwan Deputy Premier Hsu Li-te on Saturday [1 October] at a welcoming reception given by Emperor Akihito and refrained from causing any political disturbances.

"He should never have come, he doesn't belong here. We are against this and we will be against this until the end," Chinese Olympic Committee Secretary General Wei Jizhong told journalists on entering the reception, held on the eve of the Hiroshima Asiad opening ceremony.

Hsu said to reporters upon his arrival at the airport, "We should not ruin the atmosphere here, we want to behave like good guests. Is this not a friendly gathering? Shouldn't we be happy?"

The political battle between Taiwan and China, which involves a diplomatic dispute over Hsu's visa which was issued by the Japanese Government, has cast a political shadow over the 12th Asiad.

China maintains that Taiwan is a part of the mainland and is against the island territory's official participation on the international scene. Taiwan, however, maintains a position in the Olympic movement as a territorial team.

Other sports officials to the games have expressed discontent at the politicizing of the games and have indicated that it is not right to bring such issues into a sporting event based on friendship and harmony.

"We want to speak about sports, about friendship. We don't want politics to ruin relations," the head of the United Arab Emirates' delegation, Safar Mohamed, said.

Japan

Reportage Concerning 'Final Stage' of Trade Talks

Hashimoto, Kono Meets Kantor

OW0110133394 Tokyo KYODO in English 1307 GMT 1 Oct 94

[By Miu Oikawa Dieter]

[FBIS Transcribed Excerpt] Washington, Oct. 1 KYODO—Japan and the United States set the stage Saturday [1 October] morning for the final stage of the 15-month trade "framework" negotiations as Japanese Foreign Minister Yohei Kono and U.S. Trade Representative Mickey Kantor resumed their talks.

"One more step," Kono told reporters upon entering the USTR building for his eighth round of talks with Kantor since last week.

Asked whether this will be their final meeting, Kono said, "it might be."

Kono and Kantor met four times from Friday afternoon through Saturday morning in search of a compromise to hold off U.S. trade sanctions against Japan.

Ryutaro Hashimoto, Japanese minister for international trade and industry, also met Kantor twice during the night.

Both Kono and Hashimoto are scheduled to leave for Japan on Saturday noon.

Kantor will hold a press conference at the conference center on Saturday noon as earlier scheduled to announce U.S. trade measures against Japan, a USTR official said. [passage omitted covered by previously filed material]

More on Kono-Kantor Meeting

OW0110102294 Tokyo KYODO in English 0959 GMT 1 Oct 94

[By Miu Oikawa Dieter]

[FBIS Transcribed Text] Washington, Oct. 1 KYODO—Top trade negotiators from Japan and the United States intermittently held trade "framework" negotiations as the dateline changed to Saturday in search for a compromise to hold off U.S. trade sanctions against Japan.

Japanese Foreign Minister Yohei Kono told reporters after meeting with U.S. Trade Representative Mickey Kantor for more than three and a half hours that he will continue talks with Kantor later in the day.

Talks between Kono and Kantor, the sixth since last week, resumed at the USTR building at 12:34 A.M., just after the U.S.-set Friday midnight deadline for possible trade sanctions, and ended at 4:10 A.M. The talks were resumed at 5:32 A.M.

Ryutaro Hashimoto, minister of international trade and industry, who also met Kantor late Friday night, is scheduled to have another round of talks with Kantor.

It is not yet clear what time the next round of talks between Hashimoto and Kantor will be held. Both Kono and Hashimoto are scheduled to leave for Japan Saturday at noon.

Kono and Hashimoto flew into Washington earlier in the day from New York and Tokyo, respectively. They held separate talks with Kantor from Friday afternoon through early Saturday.

Kono, who concurrently serves as deputy prime minister, oversees the overall trade negotiations and in particular government procurement of medical and telecommunications equipment.

Hashimoto supervises the auto, auto parts and flat glass areas of the trade talks.

Japan and the U.S. are seeking to strike a deal in three "priority" areas under the trade "framework" talks agreed in July 1993 to cut Japan's huge trade surplus with the U.S. Priority is given to government procurement of telecom and medical equipment, auto and auto parts, and insurance.

The U.S. has also included flat glass in its list of industries that would suffer trade sanctions.

In the 15 months of negotiations the two sides have failed to bridge a gap over their definitions of "objective criteria" to measure foreign access to Japanese markets.

U.S. negotiators have been taking a "results-oriented" approach and insist that Tokyo accept a formula that would ensure a market- access agreement that translates into increased sales of U.S. products in Japan.

They want an agreement that would commit Japan to "annual progress" both in terms of "value and market share" of U.S. and other foreign products in Japan.

But Japan has been rejecting the U.S. demand, arguing such promises are beyond "government reach."

Rather than "annual progress," Japanese negotiators have proposed a "neutral" measurement that would cut any linkage to increased sales in the future.

Japanese sources have indicated that Tokyo and Washington are closer to cutting a deal in some of the areas in dispute, specifically in government procurement and in insurance.

But in the government procurement area, the two sides still remain apart on Japan's new bidding method and a comprehensive assessment system.

Japan and the U.S. also apparently have abandoned any hope of a comprehensive agreement on auto and auto parts and may seek a "partial" agreement in the area.

Specifically in the field of auto parts, Japan may move to carry out deregulation such as easing auto inspections and certification requirements to open its market.

Hashimoto told reporters after a meeting of more than two and a half hours with Kantor that the Japanese side made "various proposals" during the meeting and that they discussed it "seriously" with the U.S. side.

"The meeting will be suspended for the moment," Hashimoto told reporters after emerging from a meeting with Kantor a little before midnight. "The talks will continue, and we will meet again Saturday morning."

The U.S. set Sept. 30 as its deadline for settlement of the framework talks and has warned it may impose trade sanctions against Japan.

Kantor will hold a press conference Saturday at noon to announce trade measures the U.S. plans to take.

Washington may enact Title VII of the 1988 Omnibus Trade Law and impose sanctions against Japan in the area of government procurement.

The U.S. also plans to name a hit-list of countries including Japan that will be subjected to trade retaliation for unfair trading practices under a revised trade-law provision known as "Super 301."

Tokyo and Washington were initially scheduled to conclude the trade framework talks last February when U.S. President Bill Clinton and then Japanese Prime Minister Morihiro Hosokawa met in Washington, but the talks collapsed.

Procurement Talks Described

OW3009135194 Tokyo MAINICHI SHIMBUN in Japanese 29 Sep 94 Evening Edition p 1

[FBIS Translated Text] In government procurement negotiations under the concluding Japan-U.S. economic framework talks, Japanese negotiators have notified U.S. negotiators that they are willing to go along with the U.S. demand that the expression of a "significant increase" in the government's procurement of foreign-manufactured goods be inserted in an accord. This was disclosed on 29 September by a government source. The Japanese side views the expression "significant increase" not as an objective criteria to measure the openness of the Japanese market, but as a basis for assessing the objective criteria and the government's procurement of foreign-manufactured goods. Japan and the United States have already confirmed the basis.

At a meeting with U.S. Trade Representative Mickey Kantor in Washington on 30 September, Yohei Kono, deputy prime minister and foreign minister, asked how the United States viewed the notification from the Japanese side. With a deadline imposed by the United States for possible trade sanctions against Japan under the government clause (Title Seven) of the 1988 Omnibus Trade Act drawing near, the negotiations have began to move toward a conclusion.

Thus far, the Japanese side has taken a stand against including the expression of a significant increase in an accord, claiming that the inclusion of such an expression in an accord would result in numerical targets that commit the Japanese Government to an increase in procurement of foreign-manufactured goods. In past Japan-U.S. ministerial talks, the U.S. side has promised that: 1) The United States would not seek objective criteria, and 2) Would not assess the government's procurement of foreign-manufactured goods only by results. In response, the Japanese side has decided to go along with the U.S. demand that the expression of a "significant increase" in the government's procurement of foreign-manufactured goods be included in an accord as a basis for assessing the objective criteria. The Japanese side is regarding this change as a last- minute compromise proposal to the U.S. side, not as the objective criteria.

U.S. on Bidding Limit

OW3009143694 Tokyo KYODO in English 1411 GMT 30 Sep 94

[FBIS Transcribed Text] Washington, Sept. 30 KYODO—The United States has agreed to Japan's plan to lower minimum limits on bidding in government procurement, one of the three priority issues in the protracted bilateral framework talks, sources involved in bilateral trade negotiations said Friday.

The accord was reached as Tokyo conceded in a gradual lowering of minimum limits on bidding from the current 800,000 special drawing rights (SDRs) to 400,000 SDRs one year later and 250,000 SDRs the following year, according to the sources.

The lowering of the limits will enable easier access for U.S. firms taking part in bidding on public-sector procurement of telecommunications and medical equipment, they said.

Tokyo and Washington are still wrangling over the other two thorny issues—autos and auto parts and insurance—prior to the U.S.-imposed deadline Friday.

Prime Minister Tomiichi Murayama's cabinet decided in late March to introduce a new bidding method, the comprehensive assessment system, to give foreign companies wider access to Japanese markets.

But state-run hospitals and those affiliated with state universities oppose the introduction of the new bidding method, citing as reasons staff shortages.

U.S. Trade Retaliation 'Ready'

OW3009145894 Tokyo KYODO in English 1446 GMT 30 Sep 94

[FBIS Transcribed Text] Tokyo, Sept. 30 KYODO—The United States appears ready to designate Japan as a country to face potential trade retaliation for its alleged refusal to open up its flat glass market, according to sources familiar with the negotiations on Friday [30 September].

The sources said Japan and the U.S. have virtually overcome the obstacles to agreement on government procurements and insurance but also find themselves still apart over trade in autos and auto parts.

A well-placed negotiating source said Foreign Minister Yohei Kono's talks with U.S. Trade Representative Mickey Kantor in Washington on Friday would "set the tone" for subsequent bilateral trade negotiations.

International Trade and Industry Minister Ryutaro Hashimoto is also set to meet with Kantor in a bid to avert the Super 301 designation, which would follow make-or-break negotiations before sanctions are imposed on Japan.

The U.S. is scheduled to announce the outcome of the protracted trade talks with Japan at noon on Saturday.

Regardless of the Super 301 designation, the two countries are expected to continue the protracted framework talks on macroeconomic, structural and sectoral issues, the sources said.

The Japanese flat [glass] market is estimated at more than 4.5 billion dollars and U.S. trade officials said competitive U.S. companies have the potential to capture at least a quarter of that market if Japan liberalizes its market.

USTR's Demand on Auto Parts

OW0110013794 Tokyo NIHON KEIZAI SHIMBUN in Japanese 30 Sep 94 Morning Edition p 5

[FBIS Translated Text] U.S. Trade Representative (USTR) Mickey Kantor in a meeting on 28 September with Ryutaro Hashimoto, minister of international trade and industry, during the Japan-U.S. economic framework talks, asked Japanese auto manufacturers' foreign parts purchase plan to be raised by "a total of $40 billion over next four years." This has been learned from sources from both the Japanese and U.S. delegations.

The demand is so extraordinary that it makes one wonder if the United States really wants to conclude the talks by 30 September, the deadline for imposing sanctions against Japan. Speculation and views about the reasons for the emergence of such a demand abound. Some think this is a result of "bargaining with the U.S. Congress," and some think there has been an "instruction from the President." Whatever the reason, there is no doubt that the demand comes with the risk of causing a rupture in the talks.

The issue of an upward adjustment to the Japanese manufacturers' voluntary purchase plan has been a major point of contention in the framework talk's auto and auto part negotiations. Jeffrey Garten, U.S. under secretary for international trade, has asked Sozaburo Okamatsu, deputy vice-minister for international trade and industry, who has been [illegible] the United States since last week, to revise the current plan envisaging purchases of a total of $19 billion' worth of parts "so that the purchases may be raised by 20 percent." But so far, the Japanese delegates have thought that he "cannot be serious."

Now that USTR Kantor has taken a step further from raising the purchase rate to giving Minister Hashimoto a specific figure of "$40 billion," the Japanese delegates are in shock. Kantor presented this same number to the Japan Automobile Manufacturers Association in an attempt to make a point with his demand. The probability of Japan accepting it is close to zero. Therein arises the question of why the U.S. delegation put forth this demand with the deadline for the process of sanctions about to expire.

One view is that there have been bargaining negotiations with the U.S. Congress. The U.S. Administration considers Congress' approval of a bill to endorse the GATT's Uruguay Round agreement within this year as being crucial to showing confidence in the administration. Some think influential upper and lower house members of the Democratic Party have prodded the administration into promising the increase in the procurement plan as a condition to supporting the bill, thus resulting in the bargaining. Whatever the figure on the plan may be, the demand for an "increase" remains, and it will become impossible for Japan and the United States to come to a compromise.

A second view alleges that a promise has been made to U.S. auto manufacturers. A lobbyist for the U.S. industry recently admitted: "We have asked the USTR to obtain a promise from the Japanese delegation to increase the purchase amount." If such a promise has indeed been made, the numerical demand will not be resolved in the final negotiations on 30 September. Thus a rupture in the talks will be a possibility.

A third view is that this has been instructed by the President. According to the people who hold this view, the President is supposed to have instructed USTR Kantor: "Be tough in the negotiations until the very last moment," and Kantor's position of faithfully following the President's words was evident by his procurement plan demand. But a concerned U.S. official insisted the instruction was one that was meant to "resolve issues of major areas at last stages," and thus, was aimed at averting a rupture in the talks. If this view is correct, then it is thought that Kantor will withdraw his demand eventually."

The last view is that USTR Kantor has done this on his own. The people who hold this view think the development has come about as a result of the President being so occupied with such matters as the Haiti issue and the U.S.-Russian summit, and thus, had to entrust Kantor with carrying out the framework talks on his own. White

House and the Treasury Department officials claimed: "USTR Kantor has escalated demands on Japan without consulting with the National Economic Council (NEC)." If that is the case, the situation can be resolved by the President ordering him to "cease fire." But at this point of time we do not see any clear sign of that happening.

Editorial on Talks

OW3009122294 Tokyo MAINICHI SHIMBUN in Japanese 26 Sep 94 Morning Edition p 5

[Editorial: "Framework Trade Talks—Future of Japanese-U.S. Relations Being Questioned"]

[FBIS Translated Text] Japanese-U.S. relations are the most important of the two countries' bilateral relations with all other countries. Despite this fact, the feeling of mutual distrust only continues to mount. Particularly since the inauguration of U.S. President Bill Clinton, the U.S. Government's economics-oriented strategies against Japan have backfired. In Japan, the long one-party rule by the Liberal Democratic Party [LDP] since 1955 has come to an end. This has led to political realignment and turmoil, resulting in the government losing its authority. However, the United States is also partly responsible for the worsening of bilateral relations.

Even though Foreign Minister Yohei Kono and U.S. Trade Representative [USTR] Mickey Kantor met four times to discuss trade issues under the framework trade talks, they failed to bring them to a successful conclusion.

It is still uncertain as to whether in the remaining few days the trade talks will be settled by the end of September or break down, resulting in the United States enacting the Super 301 provision (regarding punitive action against unfair trading partners) of its 1988 Omnibus Trade and Competitiveness Act. It is hoped that both Japan and the United States will move toward a compromise, taking the future of their bilateral relations into consideration.

Among the three priority sectors under negotiation, the insurance services sector is likely to be settled. Negotiations over the government procurement sector are at an impasse over the issue of objective criteria. Furthermore, the outlook is uncertain regarding the automobiles and auto parts sector.

The idea of setting objective criteria to measure the openness of Japanese markets is part of the Clinton administration's results-oriented approach. However, it is clear this idea violates international trade rules and leads to managed trade. Noted U.S. scholars are all opposed to it.

As a result, the United States has come up with expressions that can immediately be changed to figures. For example, it has proposed the expression: "Appropriate level of increase" in comparison with past trends. However, whatever expression is chosen, if what amounts to numerical targets is approved, it will end up with a life of its own. Moreover, if failing to attain target figures should be considered a violation of trade accords and bring about trade sanctions, Japan has no reason to accept such U.S. demands.

What the Clinton administration really seeks in its results- oriented approach are target goals, the results of which can be verified. The U.S. trade deficit with Japan has hardly diminished. Consequently, the administration wants to establish a results evaluation criteria system that will consist of going through a cyclic process of setting targets, taking action, making verification, and back to setting targets.

However, since U.S. makers are the ones who are trying to sell medical equipment and automobiles on Japanese markets, they, as well as U.S. industries, should set goals, not the Japanese, who are the customers.

When U.S. makers try to sell their products on Japanese markets, they should study the conditions under which they must compete with their Japanese counterparts and strengthen competitiveness in areas in which they fall short.

All that Japan can do is improve market conditions by removing trade barriers and through other means, and ask for the cooperation of domestic industrial circles. For the United States to ask Japan to set target goals is like putting the cart before the horse. It runs contrary to the principles of a free market economy—like applying the ancient theory that the sun moves around the earth.

At best, what the two nation's governments could do is to compromise on "effort goals" that would not be accompanied by trade sanctions in case they are not met.

Excluding the establishment of "objective criteria," Japan has made considerable concessions in trade negotiations with the United States. It has striven to make bidding procedures fairer and is even willing to promise to take further steps, if necessary, to improve the bidding system after inspecting results in the future.

It is believed the results that have so far been achieved in trade negotiations are sufficient to convince the U.S. Congress. The question is how President Clinton will judge them. He may have a political scheme geared toward the upcoming off-year elections to gain the support of hardliners against Japan in Congress, by letting the trade negotiations break down and enacting the Super 301 trade provision regarding the automobiles and auto parts sector.

However, we must not further impair Japanese-U.S. ties, which have weakened since the collapse of the Cold War structure. We would like Japanese authorities to make maximum possible concessions and utmost efforts toward a compromise. At the same time, we would like President Clinton to base his judgment on the main issue, weighing the fact that what is at issue here is the future of Japanese-U.S. relations.

U.S. on 'Partial Accords'

OW0110082594 Tokyo YOMIMURI SHIMBUN in Japanese 29 Sep 94 Morning Edition p 7

[FBIS Translated Text] Subtle differences exist between Japan and the United States in interpretating the "partial agreement"—the kind of agreement which is considered a key to realistically resolving the ongoing trade negotiations between the two nations.

The partial agreement can be interpreted in two ways: One is an agreement which is achieved, for instance, only in the government procurement and insurance sectors out of the three priority areas (government procurement, insurance, and automobiles and auto parts). The other is an agreement achieved in certain limited portions of individual priority areas—for instance, on auto parts in the automobiles and auto parts area.

Ryutaro Hashimoto, minister of international trade and industry, who proposed to go for "partial agreements" to the United States, himself does not see much difference between the two, and says, "What we want to do is to resolve—beginning with things that can be resolved."

Recently, the trade talks have been focused on the second kind of partial agreement—specifically, an agreement on repair parts in the area of autos and auto parts. The area of the autos and auto parts has been one where the negotiations have been slow in making progress, and Japan's operation plan has been to conclude a second kind of partial agreement in order to avert sanctions being taken against Japan.

The United States initially was wary about going for the second kind of partial agreement, calling it "stealing of an agreement," although it did not object to the first kind of partial agreement. In the course of holding more and more talks, however, the United States started to show some signs of being sympathic with the second kind of partial agreement as well. Consequently, it appears, the expression "partial agreement" has started to have a life of its own while Japan and the United States continue to think about it essentially in different ways.

The expression "partial agreement" along with another disputed expression "objective criteria" is likely to remain a controversial expression until the very last moment of the trade talks.

Partial Agreement on Framework Talks Reached

MPT on Procurement Accord

OW0310050294 Tokyo ASAHI SHIMBUN in Japanese 2 Oct 94 Morning Edition p 1

[FBIS Translated Text] In the early hours of 2 October, the Ministry of Posts and Telecommunications [MPT] disclosed that following an agreement in negotiations over the government procurement sector under the Japanese-U.S. framework trade talks, a basic agreement has been reached in negotiations over the issue of Nippon Telegraph and Telephone Corporation (NTT) procurement projects. Trade negotiations over this issue had been held in conjunction with that over the government procurement sector. An agreement has also been reached on voluntarily applying the same procedure as government procurement projects for projects regarding procurement of telecommunications equipment by the Japan Broadcasting Corporation [NHK], if the value of such projects should grow in the future.

There already exists an agreement between Japan and the United States regarding NTT procurement projects. Under the new arrangement, however, improvements are to be made, including widening the scope of publicizing information regarding procurement projects. Concerning numerical targets in relation to objective criteria, which has been a focal issue in the trade negotiations, a senior MOPT official has said that it "has been rejected."

Meanwhile, the United States had demanded since mid-September that NHK procurement projects be included as part of government procurement projects. Under the new arrangement, the same procedure as that for government procurement projects —such as setting up contract bids—will be voluntarily taken for NHK procurement of telecommunications equipment when the total annual value of such procurement projects exceeds eight billion yen or so. The same arrangement will also apply to procurement projects by new NHK affiliate firms.

More on Agreements

OW0110162694 Tokyo KYODO in English 1556 GMT 1 Oct 94

[By Miu Oikawa Dieter]

[FBIS Transcribed Text] Washington, Oct. 1 KYODO—Japan and the United States on Saturday [1 October] reached agreements on three of the four areas in "framework" trade negotiations, a U.S. Administration source said.

The three concern government procurement of telecommunications and medical equipment, insurance business and flat glass, the source said.

The two countries, however, failed to cut a deal in the auto and auto parts sector, the source added.

Japanese Foreign Minister Yohei Kono told reporters after his talks with U.S. Trade Representative Mickey Kantor that broad accord has been reached on the government procurement issue.

He made the remark at a joint press meeting with International Trade and Industry Minister Ryutaro Hashimoto.

"The talks on government procurement have been conducted on the assumption that numerical targets will not be set on the matter," Kono said.

Meanwhile, Hashimoto said the two countries have reached basic agreement on the flat-glass sector. He added that no accord has been made on replenishment of auto parts.

Kono said that on the insurance sector, Finance Minister Masayoshi Takemura will reveal the outcome of talks with the U.S. in Madrid where he is representing Japan at a meeting of finance ministers and central bankers of the Group of Seven industrial countries.

As a result of broad agreements with the U.S., sanctions against Japan have been averted in the areas of government procurement, insurance and flat glass.

Earlier in the day, Kono spoke to reporters upon entering the USTR building for his eighth round of talks with Kantor since last week.

Asked whether this will be their final meeting, Kono said, "It might be."

Kono and Kantor met four times from Friday afternoon through Saturday morning in search of a compromise to hold off U.S. trade sanctions against Japan. Hashimoto also met Kantor twice during the night.

Both Kono and Hashimoto are scheduled to leave for Japan on Saturday noon.

Kantor has moved back one hour to 1 P.M. a press briefing, initially scheduled for Saturday noon, a USTR official said.

Japan and the U.S. were seeking to strike a deal in three "priority" areas under the trade "framework" talks agreed in July 1993 to cut Japan's huge trade surplus with the U.S. Priority is being given to government procurement of medical and telecommunications equipment, autos and auto parts and insurance.

The U.S. has also included flat glass in its list of industries that would suffer trade sanctions.

Tokyo and Washington, however, have been unable to iron out differences over their perceptions of "objective criteria" to measure foreign access to Japanese markets.

U.S. negotiators have been taking a "results-oriented" approach and insist that Tokyo accept a formula that would ensure a market-access agreement that translates into increased sales of U.S. products in Japan.

The U.S. negotiators want an agreement that would commit Japan to "annual progress" both in terms of "value and market share" of U.S. and other foreign products in Japan.

But Japan has been rejecting the U.S. demand, arguing that it is beyond "government reach" to make such promises. Instead of "annual progress," Japanese negotiators have proposed a "neutral" measurement that would cut any linkage to increased sales in the future.

The two Japanese ministers flew into Washington on Friday afternoon from New York and Tokyo respectively and held separate talks with Kantor.

Kono, who concurrently serves as deputy prime minister, is overseeing the trade negotiations and in particular the government procurement of medical and telecommunications equipment.

Hashimoto supervises the auto, auto parts and glass areas of the trade talks.

Tokyo and Washington were initially scheduled to conclude the "framework" talks last February, when U.S. President Bill Clinton and then Japanese Prime Minister Morihiro Hosokawa met in Washington, but the talks collapsed.

Reaction to Framework Trade Accords Reported

'Sense of Relief' Felt

OW0310141794 Tokyo MAINICHI SHIMBUN in Japanese 3 Oct 94 Morning Edition p 2

[FBIS Translated Text] On the evening of 2 October, Prime Minister Tomiichi Murayama met with Yohei Kono, deputy prime minister and foreign minister, and Ryutaro Hashimoto, international trade and industry minister, at the prime minister's official residence. Kono and Hashimoto had just returned from the Japan-U.S. framework trade talks in Washington. After being briefed on the results of the negotiations in Washington, Murayama thanked them for their efforts and said: "The results are splendid for Japan and for the Murayama government." Although Japan and the United States failed to settle the talks on the auto sector, they finally reached an agreement on government procurement. Because of this, a sense of relief is spreading throughout the prime minister's official residence. An aide to the premier said: "The Clinton administration now recognizes the Murayama government as a partner in reform." Chief Cabinet Secretary Kozo Igarashi said: "I feel relieved."

From now on, Murayama aims to establish "partnership between the U.S. and Japanese liberal governments"—between the Clinton administration and the Murayama government composed of "the Liberal Democratic Party, the Social Democratic Party of Japan, and Sakigake [Harbinger]," (according to his aide). But for the time being, with the aim of strengthening cooperation with the United States, Murayama intends to support efforts by Washington to help the DPRK (North Korea) replace its graphite-moderated reactors with light- water models, while watching the developments of U.S.-DPRK talks on the issue of the suspected development of nuclear weapons by Pyongyang.

In its official statement on 2 October, Tokyo made cautious comment on the results of the recent trade bargaining. Concerning the U.S. decision to take steps toward imposing sanctions on Japan in the area of auto replacement parts under the 301 provision of the U.S. Trade Act (which outlines steps for retaliation against trade partners' unfair practices), Chief Cabinet Secretary Igarashi said: "It is very regrettable." However, later in the day, Igarashi told reporters: "The results are the best we could get in the current situation. Now the entire relationship between Japan and the United States will begin to improve." In this way, he stressed achievements in the negotiations. He also said: "I could not sleep. I passed a night without sleep," indicating that he was worried about U.S. reactions in the recent talks.

On 1 October, Murayama called officials of concerned ministries and agencies in charge of trade talks to his office to analyze the situation while watching the developments of the all-night negotiations in Washington. Believing that "the former Hosokawa government collapsed because it failed to maintain good Japan-U.S. relations" (as stated by a government source), Murayama thought a failure in trade negotiations would give a fatal wound to his administration.

Murayama said "the government will continue talks" on the auto sector, which is now subject to U.S. sanctions. However, at the meeting with Kono and Hashimoto, he admitted the difficulty of the talks, saying: "I am still worried about the future of the negotiation." The auto talks will continuously have rough going in the future. There is also a possibility that depending on how the Murayama government will tackle administrative reform and deregulation, which Washington has demanded, the U.S. Government may rapidly lose its confidence in the Murayama cabinet.

Ministers' Comments

OW0210011194 Tokyo NHK General Television Network in Japanese 2000 GMT 1 Oct 94

[Announcer-read report; from "NHK News" program]

[FBIS Translated Excerpt] It is now 0500 hours. We will report on the Japan-U.S. economic consultations.

In the economic consultations which have had rough-sailing, agreement has been reached in areas of government procurement and insurance, but no agreement has been arrived at in the area of automobiles and auto parts. U.S. Trade Representative [USTR] Mickey Kantor has announced that the U.S. administration will begin taking steps to impose sanctions under the 301 clause of the Trade Act, which is more lenient than the originally intended Super 301 provision of the U.S. trade act.

The ministerial-level meetings as part of the Japan-U.S. economic consultations were held with Foreign Minister Yohei Kono and Trade Minister Ryutaro Hashimoto meeting USTR Kantor on and off—Kono on the government procurement area, and the latter in the autos and auto parts and sheet glass areas. The negotiations continued for more than 10 hours until 0000 this morning, Japan time [1500 GMT].

Consequently, in the area of government procurement of telecommunications and medical equipment, a compromise was reached on the issue of criteria to measure the openness of the market—the issue over which Japan and the United States have confronted each other—and an agreement has been reached.

Even in the area of sheet glass, basic agreement has been made that Japan should promote access for foreign products, and both parties have agreed the specifics of a final agreement should be formulated in the next 30 days.

In the area of insurance, where an early agreement had been expected, differences over the way of liberalizing the so-called third-area insurance market, such as nonlife and nursing insurance, have been resolved.

On the other hand, in the area of automobiles and auto parts, Japan-U.S. confrontations over such issues as the deregulation of standards of spare parts could not be resolved right up to the last moment, and the talks in the auto area broke down. USTR Kantor consequently called a news conference early this morning, Japan time, and announced the U.S. administrataion will begin taking steps to impose sanctions on the automobile spare parts under the 301 clause of the trade act.

The U.S. Administration initially considered applying the Super 301 provision, which enables the administration to imporse sanctions unilaterially if it cannot get an agreement, but has decided to apply the 301 clause of the trade act instead, which is more lenient than the Super 301 provision—in consideration of Japan-U.S. relations.

The reason the U.S. Administration chose to apply the 301 clause, which can be applied flexibly, rather than the Super 301 provision, is because the administration was concerned lest further aggravation in Japan-U.S. relations should result in speeding up a stronger yen and a weaker dollar, which can adversely affect not only the economies of Japan and the United States, but also the world economy.

The administration is also believed to have thought the further worsening of economic frictions could bring bad impacts to such other areas in Japan-U.S. relations as security.

On the agreement arrived at in the government procurement area, Foreign Minister Kono said in a news conference:

[Begin Kono recording] Agreement has been reached with regard to government procurement. For a while, there was a time when there was growing mistrust. But thanks to the efforts of many people concerned, we have been able to surmount the problem, and to arrive at an agreement in government procurement. I appreciate the efforts. [end recording]

Meanwhile, regarding the consequence that no agreement has been reached in the area of automobiles and auto parts, Ryutaro Hashimoto, minister of international trade and industry, and USTR Kantor commented in their respective news conferences:

[Begin Hashimoto recording] To much regret, it has been impossible to narrow the gap between the United States, which demands the abolition of the overall vehicle inspection system—save for the part concerning safety—and Japan which wants to retain the system but improve on it to reduce accidents caused by poor maintenance services.

It is with regret that I must report no agreement has been reached with respect to automobiles and auto parts. [end recording] [passage omitted on Kantor's remarks]

EC on U.S. Sanctions

OW031014[illegible]94 Tokyo NIHON KEIZAI SHIMBUN in Japanese 3 Oct 94 Morning Edition p 3

[FBIS Translated Text] Brussels, 1 Oct, JIJI—As a result of the recent Japan-U.S. framework talks, the United States has decided to move toward imposing partial sanctions against Japan. Concerning this decision, a spokesman for the European Council [EC] said 1 October: "We cannot agree to sanctions based on the 301 provision of the U.S. Trade Act. It will set a bad precedent." In this way, he stated the EC's intention to oppose United States moves to launch sanctions against Japan on the auto replacement parts market.

In addition, the spokesman said: "We hope that both the U.S. and Japanese Governments will allow the outcome of the current negotiations to be applicable to all other concerned nations without any discrimination." And, the spokesman showed concerns that as a result of the partial accord reached between Japan and the United States, Japan will attach greater importance to the United States, thereby causing disadvantage to the European Union [EU].

Among various concrete reasons for concern cited by a responsible EU official are: 1) No Japanese airline has ever purchased even one engine produced by Britain's Rolls-Royce Co.; 2) disparity remains between the two nations on auto parts procurement; and 3) Japan and the United States have reached an accord on cellular phones and semiconductors.

'Cooling Off' Period Needed

OW0310043494 Tokyo KYODO in English 0400 GMT 3 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 3 KYODO—Prime Minister Tomiichi Murayama said Monday [3 October] Japan and the United States need a "cooling-off" period for deadlocked negotiations on autos and auto parts under bilateral framework trade talks. "We have plenty of time to discuss the issue," he told a group of reporters at his official residence.

Chief Cabinet Secretary Kozo Igarashi said at a news conference, "it is extremely regrettable that the U.S. named Japan (an unfair trade partner) in the automotive sector even under the politically softer Section 301 than Super 301." He said he hopes the U.S. will make a "sensible" judgment on the matter.

Eleventh-hour marathon talks between Japan and the U.S. on Sunday resulted in accords in three of the four framework areas, those of government procurement, insurance and flat glass. But they failed to bridge the gap on autos and auto parts trade, which makes up 60 percent of Japan's trade surplus with the U.S.

Washington has announced it will begin a probe into the issue under the 301 provision of the 1974 trade law, which could lead to the U.S. imposing trade sanctions against Japan in auto parts trade.

Meanwhile, government sources expressed a somewhat stronger attitude. One source said, "I believe that Japan has no need to call for a fresh negotiation round (because the U.S. is readying a retaliatory move)." "The U.S. should feel a blow on its side as well," the source said.

Another noted that Japan cannot accept total abolition of the automobile inspection system as requested by the U.S. in the trade talks. "The European Union supports Japan's stance on the matter."

Reports on weekend Japan-U.S. framework talks said the U.S. called for total removal of Japan's mandatory vehicle inspection system, while Tokyo has proposed relaxation of the procedure. A U.S. Embassy official in Tokyo denied that the U.S. has made such a call.

Kono Comments Cited

OW0210124494 Tokyo KYODO in English 1222 GMT 2 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 2 KYODO—The latest Japan-U.S. agreements on three sectors under the "framework" talks are likely to have a favorable impact on other areas covered by the trade talks, Japanese Foreign Minister Yohei Kono said Sunday.

Kono just returned home from Washington where he and Trade Minister Ryutaro Hashimoto wrapped up 15 months of marathon talks with the United States to establish new bilateral trade and economic ties.

Accords were reached on the three sectors—government procurement, insurance and flat glass. But the two nations were unable to bridge the gap over auto parts trade.

"Areas that had been long in parallel came to agreement. I think this will probably give impetus to talks in other framework areas," Kono told a news conference in an apparent reference to the latest agreements' possible impact on paper-pulp and forestry products.

Kono said "objective criteria" to be introduced in government procurement trade should not be applied to other framework areas.

What criteria to use in other areas will be decided by individual negotiations, he said.

Murayama, Business on Accords

OW0210050194 Tokyo NHK General Television Network in Japanese 0300 GMT 2 Oct 94

[Announcer-read report from "NHK News" program]

[FBIS Translated Text] Asked about the results of the Japan-U.S. economic consultations by reporters this morning, Prime Minister Tomiichi Murayama said it is good for Japan-U.S. relations that agreement was reached in three areas of the framework talks. He noted that where the autos and auto parts area was concerned, the United States demanded the deregulation of the vehicle inspection system, but the government could not yield on this because this concerns safety. It is very regrettable that the 301 clause was put into force while the talks are still underway, he added. He then pointed out the Japan-U.S. relationship is important with the world moving toward trade liberalization, and said dialogue will be continued actively.

Now you will hear comments from industry regarding the results of the Japan-U.S. economic consultations:

[Begin recording of Shotaro Toyoda, chairman of the Federation of Economic Organizations of Japan] I think it was very good that, thanks to so much effort by officials concerned, agreement has been reached in the area of procurement and also in the area of insurance. On the other hand, I think it is very regrettable that no agreement has been reached in the area of autos and auto parts. My most earnest hope is that further efforts will be made so that issues in the area will be resolved in the Japan-U.S. talks as soon as possible. [end recording]

[Begin recording of Tatsuro Toyoda, chairman of the Japan Automobile Manufacturers Association] I think it very regrettable that automobile spare parts will become subject to the 301 clause of the trade act. I cannot understand the U.S. Administration's way of doing things—trying to push the negotiations to its advantage with the help of economic sanctions.

And I think no agreement should ever be made involving numerical targets. [end recording]

Kono, Hashimoto Comment

OW0210002894 Tokyo KYODO in English 0009 GMT 2 Oct 94

[By Miu Oikawa Dieter]

[FBIS Transcribed Text] Washington, Oct. 1 KYODO—Japan and the United States wrapped up marathon trade "framework" negotiations Saturday [1 October], reaching an agreement on government procurement of medical and telecommunications equipment, insurance and flat glass but failing to settle the auto parts sector.

U.S. Trade Representative Mickey Kantor announced at a press conference later in the day that his office will "initiate a 301 investigation of the Japanese auto parts market, focusing on the 'aftermarket' for replacement parts, where the regulatory barriers to foreign competition are particularly acute."

On Monday, the U.S. trade office will publish a "watch list and a list of practices and countries that are subject to either negotiations or other matters that would not allow them to be put on the watch list," Kantor said.

After separate around-the-clock negotiations with Kantor, Japanese Foreign Minister Yohei Kono and International Trade and Industry Minister Ryutaro Hashimoto jointly revealed the outcome of trade talks.

"Today, we reached an agreement on government procurement," Kono told the news conference. "At one time, feelings of distrust grew (between Japan and the U.S.) but I feel very moved that we were able to overcome that, and could reach an accord with efforts by a lot of people."

"We were able to conduct the negotiations based on the principle of abolishing numerical targets," Kono said, adding that other countries will benefit from the latest Japan-U.S. agreement.

Hashimoto said, "We reached a basic agreement on the flat glass area. We will try to settle the details within 30 days."

Flat glass was once considered a likely target for U.S. sanctions.

Hashimoto, however, said Tokyo and Washington were unable to reach an accord on auto replacement parts because the two sides could not narrow differences on Japan's auto inspection system, with Tokyo rejecting U.S. demands to totally abolish the system.

Speaking to reporters Saturday at the conference center, Kantor said the latest agreements will produce "real tangible change that brings concrete results in our trade relations with Japan."

"I just talked to the President (Bill Clinton). He was very pleased, (that it) puts our relations with Japan in the right place. And he said this was a good deal for (the) United States and a good deal for Japan," he said.

Kantor said the Japanese Government is "committed for the first time to use objective quantitative and qualitative criteria to evaluate the progress made under these agreements."

Japan and the U.S. have been wrangling over the definition of "objective criteria" ever since the two sides agreed in July 1993 to launch the trade framework talks.

"We're in total agreement how they (objective criteria) will be followed. They are written in the most clear and precise manner," Kantor said.

Hashimoto on Talks With U.S.

OW0210121594 Tokyo KYODO in English 1206 GMT 2 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 2 KYODO—International Trade and Industry Minister Ryutaro Hashimoto said Sunday a cooling-off period is needed to get the stalled auto parts trade talks with the United States rolling again.

"A cooling-off period is necessary as Washington has decided to apply section 301 to Japan's auto parts trade," Hashimoto told a news conference at his ministry. Hashimoto just returned home from Washington, where he engaged in a last-ditch quest to wrap up a comprehensive trade "framework" agreement with the United States.

Marathon talks between Hashimoto and U.S. Trade Representative Mickey Kantor, and between Foreign Minister Yohei Kono and Kantor on Sunday, resulted in accords in three of the four framework sectors—government procurement, insurance and flat glass.

But they failed to settle the politically most sensitive auto and auto parts trade, which accounts for 60 percent of Japan's trade surplus with the U.S. The U.S. said it will begin a probe into the issue under the 301 provision of the 1974 trade law, which could lead to Washington imposing trade sanctions against Japan.

"Initiation of the investigation is regrettable," Hashimoto said. "Japan will reserve all kinds of steps, including filing to the General Agreement on Tariffs and Trade (GATT), if the U.S. moves to slap the country with retaliation," he said.

At issue is what Washington describes as "vague and complicated Japanese regulations" for replacement auto parts, which it claims "make it nearly impossible for competitive foreign auto parts products to break into the (Japanese market)."

The Japanese media has reported that the U.S. called for total abolition of Japan's mandatory inspection system while Tokyo has proposed relaxation of regulations involved in the system. In Tokyo on Sunday, a U.S. Embassy official again categorically denied that the U.S. has asked Japan to abolish its mandatory inspection system.

Hashimoto said, "it is unthinkable for Japan to accept total abolition of inspection in view of the fact few automobile accidents stem from ill maintenance in this country."

More on 'Cooling Off' Period

OW0310034494 Tokyo KYODO in English 0324 GMT 3 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 3 KYODO—International Trade and Industry Minister Ryutaro Hashimoto said Monday [3 October] Japan and the United States should have a cooling-off period in the stalled auto parts trade talks, a government official said.

"A certain period of cooling-off time is necessary," Hashimoto said in reference to a stalemate in the most politically sensitive area of bilateral framework talks, the official said.

The official at the Ministry of International Trade and Industry was briefing reporters on a breakfast meeting between Hashimoto and senior officials of the Federation of Economic Organizations (Keidanren).

Keidanren Chairman Shoichiro Toyoda was quoted as saying Japan should "adamantly" reject "unreasonable U.S. demands."

Katsushige Mita, vice-Keidanren chairman and chairman of Hitachi Ltd., said the latest framework accords on three areas should be appreciated, the official said.

The two countries should continue talks in auto parts trade, Mita was quoted as saying.

Mita was also quoted as saying it was "good" for Japan to reject a U.S. demand that the Japanese Government urge automakers to formulate specific plans to expand purchases of U.S-made parts.

Japan and the U.S. reached accords on government procurement, insurance and flat glass in Saturday's talks. But no deal was struck on auto parts, an area supervised by Hashimoto's ministry.

Hashimoto returned home Sunday from Washington where he and U.S. Trade Representative Mickey Kantor engaged in last-ditch efforts to wrap up 15 months of framework negotiations.

Keidanren leaders such as Toyoda and Vice Chairman Isao Nakauchi asked the government to promote deregulation further, the MITI official said.

Deregulation will be effective in preventing so-called "hollowing out" from further advancing in Japan, Nakauchi, president of Daiei Inc., was quoted as saying.

Katsuhiro Utada, vice-Keidanren chairman and honorary chairman of Ajinomoto Co., said deregulation should be done both at the national and local government levels.

The roles of local governments should be clarified, Utada was quoted as saying.

Hashimoto said the government will formulate a five-year deregulation package this fall by considering the requests "seriously," the official said.

Official on 'Ambiguous' Accord

OW0210124194 Tokyo NIHON KEIZAI SHIMBUN in Japanese 2 Oct 94 Morning Edition p 3

[FBIS Translated Text] In the economic framework talks, Japan and the United States have reached an accord on government procurement (of telecommunications and medical equipment). Commenting on this, the Japanese Government said: "We will welcome increased procurement of high-performance products made in foreign countries, but the accord is not a promise of a future increase in foreign product procurement" (as noted by a Foreign Ministry official).

On the other hand, the U.S. Government said: "Japan should respect the framework talks' objective of achieving a substantial increase in foreign product procurement" (as noted by an official of the U.S. Trade Representative's Office). While the bilateral accord on objective criteria was concluded after dropping the phrase "year-by-year improvement," the United States is expected to periodically examine Japan's procurement records.

In 1992, the Japanese Government's telecommunications equipment procurement amounted to $500 million, but that of foreign-made products remained at $30 million, or 6 percent of the total purchase. Procurement of medical equipment in the year reached $250 million, with over 30 percent purchased from foreign countries.

It is still uncertain what a "substantial increase" actually means. Some quarters in the Japanese Government are expressing concern over the ambiguous accord, saying: "The accord does not say how much expenditure will satisfy the United States."

Auto Talks May Be 'On Hold'

OW0310122294 Tokyo KYODO in English 1208 GMT 3 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 3 KYODO—Japan and the United States are likely to reopen bilateral negotiations over auto and auto parts trade only after the new year starts, a senior trade ministry official said Monday.

The official said the issue of auto and auto parts trade within the "framework" talks, which was left unresolved despite marathon negotiations over the weekend, will be put on hold at least until after the U.S. off-year elections in early November, but more likely will not begin until after the new year.

"When the framework talks broke down last time in February, it took about three months for them to be relaunched. I think both sides need a cooling-off period of about the same duration," the official said on condition of anonymity.

The two countries reached agreement on three of four areas in the framework trade negotiations—government procurement of telecommunications and medical equipment, insurance business and flat glass.

But they failed to cut a deal in the auto issue, prompting an immediate U.S. move toward sanctions.

The U.S. announced its decision to probe Japan's replacement car parts market under Section 301 of a 1974 trade act, which could lead to sanctions being imposed in 12 to 18 months.

U.S. Ambassador to Japan Walter Mondale said the U.S. prefers to go ahead with the negotiations rather than take a break.

"The 'cooling-off period'...described the period after the breakdown in February," Mondale told Reuters Financial Television in an interview. "There's none of that. These negotiations are going forward."

Mondale reiterated that the Japanese market is closed to outsiders and this contributes to Japan's enormous external trade and current-account imbalances.

"It's unsustainable and it has to change," he was quoted as saying.

Meanwhile, a Japanese Transport Ministry official said Japan cannot accept a U.S. demand to scrap Japanese regulations concerning replacement of key auto parts such as engines.

"They demanded that we eventually scrap the regulations, but we answered that we cannot do that," the official said.

Japanese law stipulates that repairs and replacement of important parts be done only by licensed repairers, which the U.S. has complained contributes to the low foreign share in the Japanese replacement parts market.

Meanwhile, Vice Foreign Minister Kunihiko Saito expressed regret over the latest U.S. action.

"It is very regretful. Unilateral measures such as sanctions under the 301 provision will only be damaging to the free trade system championed by GATT," he said.

Auto Parts Purchase Not Increased

OW0210142394 Tokyo NIHON KEIZAI SHIMBUN in Japanese 2 Oct 94 Morning Edition p 2

[FBIS Translated Text] Although no agreement has been reached in the automobile and auto parts negotiations under the Japan-U.S. Economic Framework Trade Talks, the Ministry of International Trade and Industry [MITI] intends to stick to its conventional principle in the future that Japan "will flatly refuse an increase in Japanese automakers' plans to purchase foreign-made parts."

The reason why Japan has refused to promise an increase in the purchase of foreign-made products is that it will lead to government intervention in private firms, thereby going beyond "the scope of the government's jurisdiction"—which is the principle in the framework talks. The reality is that "it is impossible" for automakers who have compiled voluntary plans for purchasing foreign- made parts from 1995 onward "to increase the purchase amid the slow recovery of domestic sales." Nevertheless, there is a possibility that each automaker will revise its auto sales program for fiscal 1995 upward, following economic recovery. For this reason, there is a view that "the possibility of automakers' increasing their purchasing plans is not being ruled out," (as stated by a source accompanying the MITI minister on his U.S. visit).

Tokyo Suspending Autos Talks

OW0210021294 Tokyo KYODO in English 0144 GMT 2 Oct 94

[FBIS Transcribed Text] Washington, Oct. 1 KYODO—Japan is considering suspending talks on autos and auto parts in protest of the U.S. decision to start the process for trade sanctions, a Japanese Government source said here Saturday [1 October].

Describing the U.S. move as a "regrettable act," the source said, "the automobile negotiations may come under suspension." He said Japan "is also considering filing a (counter) petition with the General Agreement on Tariffs and Trade."

U.S. Trade Representative Mickey Kantor said the same day that President Bill Clinton instructed his trade negotiators to take punitive actions under the 301 provision of the 1974 trade act.

His decision came after the two nations failed overnight to reach an agreement on the autos and auto parts sector—one of the priority areas under the "framework" trade talks along with the insurance business and Japan's government procurement of telecommunications and medical equipment.

The two sides agreed on the insurance and procurement sectors and also on flat glass.

Automakers on U.S. Sanction

OW0310130794 Tokyo YOMIURI SHIMBUN in Japanese 3 Oct 94 Morning Edition p 3

[FBIS Translated Text] Japanese automobile and auto parts manufacturing industry personalities have expressed strong objection to the U.S. decision to invoke Section 301 of the U.S. trade law in regard to a bilateral trade dispute over automobile repair parts. This has been indicated in remarks made by manufacturing officials. For example, Masao Itagaki, chairman of the Japan Automobile Parts Manufacturers Association, has said: "The United States should try to understand more fully that different countries have their own thoughts about safety and their own ways to ensure it. The Japanese market is fully open to foreign access, and it is incorrect to say that there are barriers." However, other views are also spreading due to the fact that the United States has decided not to invoke the Super 301 provision of its Omnibus Trade and Competitiveness Act—which is of a more retaliatory nature than Section 301 of its trade law—and that only the auto parts sector has been considered unfair under Section 301. An official at a major auto parts manufacturing firm has said: "The worst has been avoided. I feel this is better than if the Japanese Government had continued to give in to U.S. demands easily."

Official on Auto Parts Trade

OW0310070394 Tokyo KYODO in English 0627 GMT 3 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 3 KYODO—Japan and the United States will take more time to reach a final accord on auto parts trade talks, a senior Japanese trade official said Monday [3 October].

"Japan will deal with auto parts trade talks with the U.S. By keeping a cool head," Hideaki Kumano, vice miniter of international trade and industry, told a press conference.

Kumano said there was a basic difference in stance between Japan and the U.S. over how to expand foreign access to Japan's replacement auto parts market.

The U.S. demanded total abolition of a certified garage system in auto parts repair while Tokyo offered deregulatory measures to facilitate imports of American-made parts, Kumano said.

In Washington on Saturday, Japan and the U.S. clinched accords on three trade sectors under the "framework" talks—government procurement, insurance and flat glass. But no agreement was struck on auto parts, an area overseen by Kumano's ministry, prompting Washington to initiate investigation under the Section 301 trade clause.

Kumano said the yen's depreciation against the dollar in Monday's Tokyo currency market reflects the market's approval of the results of the latest trade talks. The dollar is trading at around 99.30-40 yen in afternoon trading, compared with 98.65 yen at the end of last weekend.

Automakers React 'Calmly'

OW0210132194 Tokyo ASAHI SHIMBUN in Japanese 2 Oct 94 Morning Edition p 9

[FBIS Translated Text] The Japanese automobile industry has reacted calmly to the failure of the Japan-U.S. Economic Framework Talks on the autos and autoparts sector. An industry source said this is because "we still have a 12-month grace period until sanctions are actually imposed." An executive of Toyota Motor Corp. also said: "The economy is getting better in both Japan and the United States. The economic recovery will eventually push up Japanese companies' purchase of U.S.-made products, and this will prove the Japanese market is not exclusionary."

Throughout the process of bilateral negotiations, Japanese automakers have been saying no to proposals for expanding their voluntary parts procurement plans. They said: "It is impossible to promise purchases in the future" because their purchases depend on parts development procedures and future business trends.

Hereafter, automakers intend to explain the openness of the Japanese market to the United States, saying: "The private sector is making steady progress in imports of U.S.-made autos and auto parts."

Keidanren Chief on Auto Parts

OW0310061894 Tokyo KYODO in English 0550 GMT 3 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 3 KYODO—The chief of Japan's most powerful business lobby expressed regret Monday [3 October] at a U.S. decision to open a probe into Japan's replacement car parts market in a possible step toward sanctions.

"It's regrettable and I believe it's undesirable that negotiations will be held under a (U.S.) sanctions threat," said Shoichiro Toyoda, chairman of the Federation of Economic Organizations (Keidanren), at a press luncheon.

Toyoda made the comment after Japan and the United States struck a partial trade deal in Washington on insurance and Japanese Government procurement of telecommunications and medical equipment Saturday under the so-called "framework" trade talks, but failed to reach agreement in the autos and auto parts sector.

The development led to a U.S. decision Saturday to cite Japanese Government regulations over replacement auto parts under Section 301 of a 1974 trade act, a unilateral law that could lead to sanctions in 12 to 18 months.

Toyoda applauded the partial deal on insurance and government procurement, and expressed hopes to see an agreement on the autos and auto parts sector at an early date.

Toyoda, also chairman of Toyota Motor Corp., hailed the Japanese Government for having rejected a U.S. demand for "numerical targets" to gauge progress in U.S. access to Japanese markets.

"It's very good that the government has stuck to reason even if it led to the U.S. sanctions move," Toyoda said.

Toyoda said the U.S. approach in using a sanctions threat to negotiate trade disputes runs counter to global free trade under the General Agreement on Tariffs and Trade and urged the Japanese and U.S. Governments to resolve trade disputes through multilateral talks under GATT, not bilateral ones.

In other remarks at the press luncheon held at the Japan National Press Club, Toyoda reiterated the current yen's exchange rate against the dollar is overdone.

"The current exchange rate does not reflect economic fundamentals at all," Toyoda said, referring to the dollar's continuous dip below 100 yen.

He said he would welcome appreciation of the yen itself to mirror the nation's economic strength if it does not come in a sudden manner, but noted that the pace of the yen's latest advance is too rapid.

Toyoda reiterated that he considers an exchange rate of 110 to 120 yen to the dollar appropriate in view of domestic economic conditions.

Turning to political reform, Toyoda said he would like to see general elections take place under a new electoral map as soon as possible.

Prime Minister Tomiichi Murayama is trying to pass legislation on rewriting the electoral map to replace multiseat electoral districts with single-seat ones by the end of the year.

Business Leaders Comment

OW0210051294 Tokyo KYODO in English 0423 GMT 2 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 2 KYODO—Japanese business leaders expressed mixed reaction to the Japan-U.S. trade accords reached on three sectors, excluding the autos and auto parts area, in the "framework" talks.

The president of the Japan Federation of Employers' Association, Takeshi Nagano, blamed the Japanese Government's slow actions for the U.S. decision to begin the process of imposing trade sanctions on Japan's autos and auto parts sectors, after no deal was reached in this area.

"We must swiftly promote expansion of domestic demand, deregulatory steps and market-opening," Nagano said.

Nagano said that the threat of trade sanctions "apparently came as a result of some internal reasons" within the administration of President Bill Clinton.

But, it also stemmed from Japan's slow moves on "what it essentially had to do and this heightened U.S. distrust," Nagano said.

Criticizing U.S. strategy, Kosaku Inaba, head of the Japan Chamber of Commerce and Industry, said, "pressing for concessions while, as a world economic leader, threatening sanctions shouldn't be ignored as creating no problems."

"We hope that the United States will deal in a calm manner with negotiations in other areas," Inaba said.

Masaru Hayami, chairman of the Japan Association of Corporate Executives, criticized the framework session itself, noting the two nations "should quickly wrap up the talks that lead both nations to focus on the microeconomic part."

"The time is now to create cooperative relations in a long-term, constructive form," he said, citing more vital issues such as the establishment of the world trade organization, and reform of the United Nations.

Hayami said that Japan "should consider measures in a calm manner without over-reacting" to the U.S. move.

But Shoichiro Toyoda, chairman of the Federation of Economic Organizations, said, "It's extremely regrettable that unilateral proceedings for sanctions are taken on auto repair parts."

Comments by Toyoda, who is also the chairman of Toyota Motor Corp., echoed concerns among industry leaders that the government will further press the Japanese auto industry to boost its purchases of foreign parts in order to prevent U.S. sanctions.

The auto industry offered an "effort" plan in 1992 to purchase U.S.-made parts worth 19 billion dollars in fiscal 1994 which ends next March 30.

But while the sluggish domestic market is making it difficult to attain that figure, the industry was pressed by the Ministry of International Trade and Ministry to increase purchases when the framework talks collapsed in February.

"There is absolutely no way that we can attain a further increase," said an official of the Japan Automobile Manufacturers Association.

Tatsuro Toyoda, president of Toyota Motor, said, "agreement on government negotiations should only be in inspection and other government-related parts."

"Other portions should be rested on the private sector," he said.

Meanwhile, the glass industry welcomed the agreement as "leading to deeper relations between Japan and the United States," said Kazuo Kamiya, vice president of Asahi Glass Co.

Market Expects Dollar Surge

OW0210140894 Tokyo NIHON KEIZAI SHIMBUN in Japanese 2 Oct 94 Morning Edition p 3

[FBIS Translated Text] In response to the Japan-U.S. framework talks and Group of Seven (G-7) ministerial talks, the Tokyo foreign exchange market said: "The dollar will attract speculators for the time being" (as noted by Nippon Credit Bank). The Bank of Tokyo noted: "We rate the Japan-U.S. accords on three sectors of the framework talks highly; while the G-7 did not agree on correction of the yen rate." However, the Bank of Tokyo also said: "The market still wants to sell the dollar because of concern over inflation. In this sense, the dollar is unlikely to fully recover its value."

The Tokyo market views: "The yen rate appreciation would have been accelerated if the framework talks had completely failed; however, this would not happen owing to the bilateral accord on three sectors. Taking into account the present strength of U.S. and European currencies, the result of the G-7 talks is not a big surprise to us" (as noted by Sakura Bank).

On the other hand, the Bank of Tokyo noted uncertainty in future market trends, saying: "The framework accord is not a quick remedy for Japan-U.S. trade imbalance. The market is still undergoing pressure to sell the dollar because of signs of inflation in the United States."

Sheet Glass Industry Relieved

OW0210135994 Tokyo ASAHI SHIMBUN in Japanese 2 Oct 94 Morning Edition p 9

[FBIS Translated Text] The Japanese sheet glass industry has expressed relief now that an agreement in principle has been reached in negotiations over the sheet glass sector under the Japanese-U.S. Economic Framework Trade Talks. Kazuo Kamiya, vice president of the Asahi Glass Co., Ltd. said: "Japan's sheet glass market is not closed to foreign access. We plan to continue to observe the Antimonopoly Law and serve in the best interests of our customers." Furthermore, Iwao Matsumoto, chairman of the Flat Glass Wholesalers Association of Japan, said: "The wholesale industry has been fair in handling products, regardless of whether they be of domestic or foreign origin. The industry's position will remain the same in the future."

In sheet glass trade with the United States, Japan has been importing U.S. products in excess. On top of that, the scale of the Japanese sheet glass market is extremely small in comparison to the automobile market, registering annual sales of slightly under 500 billion yen. Consequently, Japanese negotiators strongly questioned the trade negotiations from the outset, saying: "Why is the sheet glass industry under attack?" Moreover, since last year, Asahi Glass and two other sheet glass manufacturers have worked to improve trade practices by forwarding documents to their affiliate wholesalers (specified agents) to thoroughly assure them that they are authorized to handle products made by other manufacturers and by also abolishing rebates.

Official on Numerical Targets

OW0210135594 Tokyo KYODO in English 1339 GMT 2 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 2 KYODO—Criteria to measure progress in Japan's market-opening efforts in the government procurement sector are not numerical targets, but rather will be used to evaluate progress toward achieving goals, a Japanese Foreign Ministry official said Sunday.

The "objective criteria" to be used are defined in the agreement covering Japanese public-sector procurement of telecommunications equipment, one of four priority areas in the so-called framework trade talks between Tokyo and Washington, the official said.

There are 10 criteria altogether, divided into two categories, quantative and qualitative, and include such factors as the annual number and value of contracts, and the annual number of tenders, according to the official.

The official said the criteria will be evaluated in reference to "recent trends," and added there is no concrete definition of how many years are need for evaluations.

The following are a set of objective criteria Japan and the United States agreed to adopt Saturday as a way to evaluate foreign access to Japan's telecommunications market under the bilateral trade framework talks. Quantitative criteria:

Annual value and shares of procurements of foreign telecom products and services will be evaluated by:

1. Reference to recent trends in the value, rate of growth and share of procurements of foreign telecom products and services, and the total value of procurements
2. The total number of entities procuring foreign products and services
3. Annual number and value of contracts awarded
4. Annual number of tenders submitted by all suppliers and foreign suppliers
5. Relative competitiveness of foreign telecommunications products and services

Qualitative criteria:

1. Full and nondiscriminatory access to procurement information by foreign suppliers at all stages of the procurement process
2. Improvement in subcontracting opportunities for foreign suppliers
3. Full implementation of all requirements of measures
4. Efforts by foreign suppliers to utilize procurement opportunities, including comments on draft specifications
5. Market conditions, including exchange rates.

Relations With U.S. Reviewed

OW0210144094 Tokyo NIHON KEIZAI SHIMBUN in Japanese 2 Oct 94 Morning Edition p 2

[By Kuraichi Yoshino]

[FBIS Translated Text] Washington, 1 Oct—An agreement has been reached in the government procurement and insurance sectors in the last-ditch ministerial negotiations under the Japan-U.S. economic framework talks, which have been a major issue between Japan and the United States. Following the agreement, the crisis, which had continued since the trade talks broke down in February, has been avoided for the time being. However, disputes on the auto and auto parts sector and other issues still remain. Since the two countries are also facing a lot of political and security tasks, including the DPRK's (North Korea) suspected nuclear arms development, the Murayama administration will likely be forced to face difficulties in dealing with policies toward the United States from now on.

"Through the current talks, a relationship of trust has been built between Japan and the United States. As foreign minister, I am hoping that wide-ranging cooperation between Japan and the United States—including cooperation on political, economic, security and global issues—will be promoted a little more smoothly." Yohei Kono, deputy prime minister and concurrently foreign minister, described the outcome of trade talks at a news conference held just after 1100 Washington time on 1 October, after winding up marathon negotiations. For the foreign minister who visited the United States as the number two official of the Japanese Government, the almost 10 days of negotiations were meant to test his political ability.

On the evening of 27 October (the morning of 28 October, Japan time) when Ryutaro Hashimoto, minister of international trade and industry, visited the United States to break the deadlock in the automobile and auto parts negotiations, the foreign minister, who was in New York, held talks with U.S. Trade Representative Mickey Kantor over the phone. U.S. Trade Representative Kantor "threatened" Japan, by saying: "Hashimoto's attitude is too stiff. If the situation continues unchanged, the negotiations will break down as early as 28 September." The foreign minister coolly replied: "In that case, I can return to Japan from New York on 30 September as originally scheduled."

Japanese and U.S. ministers held heated, sharp negotiations in an effort to win a compromise at the final stage of the trade talks.

The foreign minister, who continued the negotiations until the last moment after returning to Washington from New York, believed that "If the talks break down, Japan has to be ready not only for trade sanctions, but also possible U.S. moves to further enhance pressure on Japan over aid to Haiti and other issues." He also hoped to solidify the foundation of the Murayama administration by quickly resolving issues which the former coalition government left pending.

On the Clinton administration's side, the framework talks have not yet become a major focal point in the November off-year elections in the United States. However, if the framework talks—on which the administration adopted an aggressive stance at the beginning—end in a rupture, there is a great possibility that there will be growing criticism of the leadership of the Clinton administration which would be unable to score points in the diplomatic arena.

Regarding the outcome of the trade talks, a senior official at the Foreign Ministry, who has experience in economic negotiations between Japan and the United States, said: "We cannot welcome it without reserve." Some officials of the both Japanese and U.S. Governments even question the significance of the trade talks, saying: "What is the use of continuing a war of attrition by fracturing issues. This may have an adverse effect on the favorable security relations."

With the Japan-U.S. special agreement regarding the cost of the U.S. forces stationed in Japan scheduled to be revised, there is a possibility that political and security issues, including policies toward North Korea, will be a major focal point in relations between Japan and the United States in the future. How is the government going to turn the recent Japan-U.S. relationship—in which even if Japan promises something, the United States is not satisfied, thereby negotiations are started over again—into a stable one? Prime Minister Tomiichi Murayama is being urged to come up with the medium to long- term policies for dealing with Japan-U.S. relations.

MAINICHI Publishes Editorial

OW0310144794 Tokyo MAINICHI SHIMBUN in Japanese 2 Oct 94 Morning Edition p 5

[Editorial: "The Avoidance of the Breakdown in Japan-U.S. Framework Talks Is Welcomed"]

[FBIS Translated Text] The Japan-U.S. economic framework talks dramatically achieved agreement while on the verge of breakdown. Although no agreement was reached in negotiations on the auto and auto parts sector and other issues, it is expected that the negotiations will wander until they come to a conclusion. For this reason, it is impossible to predict how the trade talks will develop. However, the two countries have avoided a rupture in negotiations, and have reached a basic agreement on government procurement, insurance, and flat glass.

This is the first time that Japan and the United States have faced such difficulties in trade talks, with ongoing parallel discussions. The reason the two countries reached a compromise at the last moment is probably that President Bill Clinton is concerned about the adverse impact a rupture in the trade talks would have on the overall Japan-U.S. relationship. The Japanese Government also made considerable concessions in the government procurement and insurance sectors.

When the framework talks are reviewed, it can be said that the major cause of the deadlock in the talks lies in the fact that the two countries repeatedly continued fruitless discussions over the U.S. results-oriented policy and demand for setting numerical targets. President Clinton was bound by his own logic. On the other hand, Japan was at a loss as to how to deal with this unreasonable U.S. demand.

In the final stage of the negotiations, Japan came to believe it "has to change the U.S. view on Japan, and that under threats, Japan will comply with even unreasonable demands in the end."

Therefore, reaching a compromise depended on whether President Clinton would give up setting objective criteria, which is similar to numerical targets. In the negotiations, both Japan and the United States were trying to fathom the unexpressed intentions of the other until the last moment, and they finally found a delicate point of compromise on the brink of the breakdown in the framework talks.

There were misgivings on the Japanese side that President Clinton would exercise the Super 301 provision of the Omnibus Trade and Competitiveness Act (regarding sanctions against nations engaged in unfair trade practices) against Japan as a strategy in the off-year elections.

However, President Clinton has probably judged that such an approach would imperil the future of Japanese-U.S. relations. If the framework talks had broken down, the Japanese industrial circles and the public would have naturally expressed views that Japan "should develop a closer relationship with Asia."

The volume of Japan's exports to Asia has already exceeded that of exports to the United States. Japan has rapidly and increasingly depended on the Asian region. Some Asian nations have urged Japan to cooperate in building an independent economic zone in the Asian region.

The prevailing view is that export dependence on the United States is no longer needed for many Japanese companies. What was behind the Japanese negotiators' continued "no" to unreasonable U.S. demands was this change in situation. President Clinton has attached importance to the Japan-U.S. relationship in an effort to hamper this trend toward the bloc economy.

In the future, the Japanese Government has to implement measures to reduce Japan's trade surplus to an appropriate scale. It is also necessary to restrain unprofitable exports.

However, the ultimate cause of the trade imbalance between Japan and the United States lies in the savings and investment balance. While U.S. people consume more than their incomes, Japanese people save more money. Experts predict that it will take about 10 years before Japan's balance is improved.

Meanwhile, much of Japan's trade surplus has flowed back to the United States to cover its financial deficit and to be used as funds for companies' plant and equipment investment. Thanks to this, employment in the United States has increased. Japan has to point out the fact that Japan's trade surplus has been used for the U.S. people.

Japan has officially promised to implement the 5.5-trillion-yen (approximately $55 billion) income and residential tax cuts for three years in an effort to expand its domestic demand.

Although a rupture in the framework talks has been avoided, there are many sources of friction. With the development in Asia, Japan and the United States should consider how they can contribute to each other and coexist.

MITI May Decide on Textile Import Curbs in Oct

OW3009144094 Tokyo KYODO in English 1230 GMT 30 Sep 94

[FBIS Transcribed Text] Tokyo, Sept. 30 KYODO—The Japanese trade ministry will make a decision, possibly in October, on whether to implement emergency curbs on imports of cotton yarn and fabrics, ministry officials said Friday [30 September].

The Japan Spinners Association and the Japan Cotton and Staple Fiber Weavers Association earlier Friday asked the Ministry of International Trade and Industry (MITI) for immediate curbs on sharply increased imports from China and Indonesia under the multi-fibre arrangement.

The officials said the ministry cannot implement the restrictions immediately because it has no standards for such action.

But MITI is working out standards at the recommendation of its Textile Industry Council and is likely to make a decision on the industry request, possibly in October, they said.

Cotton yarn imports in the year ended in June posted an 86 percent increase from the previous year. Japan's output of cotton yarn plummeted 27 percent and domestic output of cotton fabrics fell 34 percent.

Doyukai Head Demands Simpler Car Inspection System

OW0310113294 Tokyo KYODO in English 0602 GMT 3 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 3 KYODO—The head of the Japan Association of Corporate Executives (Keizai Doyukai) said Monday [3 October] that Japan should simplify its motor vehicle inspection system as the United States had demanded in the bilateral "framework" trade talks.

Masaru Hayami told reporters the existing system for periodic safety checks on motor vehicles should be simplified because motorists are now better informed of safety problems.

Hayami, however, stopped short of demanding an abolition of the system.

Washington had urged during negotiations on autos and auto parts trade that Japan ease the regulations on the inspections.

Commenting on the weekend meeting in Madrid of the Group of Seven (G-7) finance officials, Hayami said it was hardly surprising that the meeting failed to reach agreement on ways of correcting the high value of the yen.

A request from a country with a strong currency, such as Japan, for international cooperation to reduce the currency value "would be unacceptable" to other countries, Hayami said.

Tokyo 'Stood Alone' at G-7 Finance Meeting

OW0210013294 Tokyo KYODO in English 0100 GMT 2 Oct 94

["News analysis" by Keiko Tatsuta: "Japan's Wish for Clear Forex Message Dampened at G-7"]

[FBIS Transcribed Text] Madrid, oct. 1 KYODO—Japan apparently stood alone at Saturday's [1 October] meeting of the Group of Seven (G-7) industrialized nations' finance officials when it called for a clear-cut message on stable foreign exchange rates.

Finance ministers and central bankers met in Madrid at a crucial time, with Japan and the United States working against the clock in Washington, attempting to hammer out a trade deal in the 15-month-old framework talks before the U.S. imposed sanctions against Japan under the "Super 301" provision of a 1988 trade act in retaliation for "unfair" trade practices.

Japanese Finance Minister Masayoshi Takemura told a news conference that during the closed-door meeting, he expressed his concerns over recent currency rate movements, saying they remain unstable and susceptible to speculative moves and that their stability is essential for Japan's sustained economic recovery.

Other G-7 nations, however, were more concerned about higher long-term interest rates and pointed to the need for encouraging savings and cutting budget deficits, a senior Japanese official said on condition of anonymity.

Following the meeting, U.S. Treasury Secretary Lloyd Bentsen, who chaired the G-7 meeting, issued a brief news release that said, "We discussed recent developments in exchange markets and we reaffirmed our commitment to continue to cooperate closely."

The two-line sentence would not have been included in the news release without Japan's insistence, said a senior Finance Ministry official accompanying Takemura for the meeting.

"The wording may not have a new note but reaffirmation is important for us," the official said.

Takemura, who was likely expecting difficulty in winning support from other G-7 members on the foreign exchange rate issue, told reporters before going to Madrid that Japan will not necessarily call for a weaker yen at the G-7 meeting.

"I want to discuss the issue, focusing on the stability of exchange rates," Takemura said.

The G-7 nations—Britain, Canada, France, Germany, Italy, Japan and the U.S.—have differing views on currency rates, making a consensus difficult.

The news of a partial trade agreement between Japan and the U.S. came in the middle of the G-7 meeting at a downtown hotel, Villa Magna.

Through intermittent discussions all night, Japan and the U.S. reached an agreement in principle on government procurement, insurance and flat glass trade.

Despite remaining odds over autos and auto parts, one of the priority areas, the first agreement on individual sectors since the talks started July last year, may have favorable effect on the currency markets, as well as on the entire bilateral relationship.

Without the breakthrough, Japan would have been put to the test by possible upward pressure on the yen in the currency markets after the weekend.

"The G-7 finance officials naturally give careful consideration to markets and proceed with discussions in such a way as not to exert influence on markets," said Kenji Yumoto, senior economist at Japan Research Institute.

Yumoto said the issue now is whether the G-7 economic powers can take effective measures when the markets get confused.

With optimism growing on the world economy, policy coordination is no longer a priority, as each G-7 nation tends to be inward-looking with different situations at home, Yumoto said. However, given stumbling stock prices worldwide, inflationary concern in the U.S., the fragility of Japan's economy and political uncertainty in Europe, a touch-and-go risk exists like "black Monday," Yumoto said.

"They (G-7 nations) should consider readiness or countermeasures beforehand...and they have maybe been discussed," he said.

Macroeconomic issues dominated the meeting. With the global economy broadly improving, individual themes did not surface, the senior Finance Ministry official said.

To achieve "balanced, sustainable and non-inflationary" economic growth has become the common objective of the G-7 countries. There may be a limit, however, for them to hammer out specific measures.

"At the G-7 meeting, everyone agrees on the general, but when taking one step toward concrete ideas, the difference in views comes out," said Toyoo Gyohten, chairman of the Bank of Tokyo.

Gyohten, a former vice finance minister for international affairs, said however, there may be no other way to advance forward than repeating the process.

"The most important thing is not to lose momentum of moving forward by whatever measures, even though it is a detour," Gyohten said.

Takemura Meets Reporters

OW0110110994 Tokyo KYODO in English 1041 GMT 1 Oct 94

[FBIS Transcribed Text] Madrid, Oct. 1 KYODO—Japanese Finance Minister Masayoshi Takemura and U.S. Treasury Secretary Lloyd Bentsen started talks in Madrid on Saturday [1 October] morning.

The Takemura-Bentsen meeting precedes a gathering of finance ministers and central bankers from the Group of Seven (G-7) industrial nations later in the day.

Speaking to reporters before meeting Bentsen, Takemura said he will take up the issue of stabilizing foreign exchange rates. "But I won't refer too pressingly to that problem," he said.

He also said he will discuss with Bentsen macroeconomic issues and economic policies.

Meanwhile, Bentsen said, "there was some headway" in Japan-U.S. "framework" trade negotiations now under way in Washington. "We are in touch with U.S. trade officials," he said, adding "we're constantly pressing for the opening" of Japanese markets.

The Takemura-Bentsen talks are expected to last about half an hour.

Japan and the U.S. are holding talks in a last-ditch effort to find a breakthrough in the stalled trade negotiations on Japanese Government procurement of telecommunications and medical equipment, auto and auto parts trade, and insurance business.

Takemura Meets Bentsen

OW0110115894 Tokyo KYODO in English 1137 GMT 1 Oct 94

[FBIS Transcribed Text] Madrid, Oct. 1 KYODO—U.S. Treasury Secretary Lloyd Bentsen on Saturday urged Japan to open its financial markets further, saying freer Japanese financial markets are "most important" to the United States.

Speaking to reporters after a meeting with Japan's Finance Minister Masayoshi Takemura, Bentsen said they discussed financial markets in Japan.

"The importance to us is opening those markets," Bentsen said.

Bentsen acknowledged he and Takemura discussed foreign exchange rates but declined to give further details.

The Takemura-Bentsen meeting, which lasted 30 minutes, preceded a gathering of finance ministers and central bank governors from the Group of Seven (G-7) industrial nations later in the day.

According to a Japanese official, Takemura outlined Japan's 5.5 trillion yen tax cut scheme announced recently.

The measure "should help the growth of the Japanese economy," Bentsen said.

Reporters Briefed

OW0110134394 Tokyo KYODO in English 1322 GMT 1 Oct 94

[By Keiko Tatsuta]

[FBIS Transcribed Text] Madrid, Oct. 1 KYODO—Japanese Finance Minister Masayoshi Takemura asked U.S. Treasury Secretary Lloyd Bentsen on Saturday [1 October] for help in stabilizing foreign exchange rates to give Japan's efforts to create a domestic-demand driven economy a chance of success, Japanese Government sources said.

Takemura told his U.S. counterpart that the yen's appreciation remains a concern and stable currency rates are essential if Japan's gradual economic recovery is not to be dampened, the sources said.

The two top finance officials met hastily for less than half an hour at the Villa Magna Hotel in the Spanish capital shortly before finance ministers and central bankers from the Group of Seven (G-7) industrial nations started their closed-door meeting with a working luncheon at the same venue.

Briefing reporters on the bilateral meeting, a senior Finance Ministry official declined to comment on the content of discussions about foreign exchange rates out of concern for the possible impact on financial markets.

The official said the informal meeting was intended mainly for opinion exchanges on subjects at the upcoming G-7 gathering, including new allocations of International Monetary Fund (IMF) special drawing rights (SDRs) and surveillance.

As part of Japan's efforts to boost consumption, Takemura explained the government's decision to delay a sales-based tax hike three years after this year's income tax cuts under a comprehensive tax reform due by the year-end, the official said.

Bentsen welcomed the three-year time lag and continuing income tax cuts worth 5.5 trillion yen, he said.

Appearing from a room after the meeting, Bentsen told reporters that such a decision was in line with U.S. requests repeatedly made since the July g-7 summit in Naples, Italy.

Bentsen also stressed the importance of further opening Japan's financial markets, saying "the importance to us is opening those markets."

Takemura was quoted as saying, "we will make efforts to reach an agreement as soon as possible," though not giving any specific deadline.

While declining to disclose the U.S. side's comments at the meeting, the senior official called it an "extremely friendly gathering."

Takemura called on Bentsen to cooperate to make the G-7 meeting successful, the official said.

'Rough Ride' Ahead

OW0210003994 Tokyo KYODO in English 0016 GMT 2 Oct 94

[By Keiko Tatsuta]

[FBIS Transcribed Text] Madrid, Oct. 1 KYODO—Japan said foreign exchange market may be in for a rough ride after leading world finance officials failed Saturday [1 October] to commit specifically to sentabilizing the dollar and the yen.

"I don't think speculative factors have gone," Finance Minister Masayoshi Takemura told a news conference when asked about differences with U.S. Treasury Secretary Lloyd Bentsen, who said exchange rates have been stable recently. "There may be remarkable moves in the near future."

But despite the lack of a strong statement to support the dollar and curb the yen, Takemura put the best face on the meeting of Group of Seven (G-7) finance ministers and central bankers, noting agreement on the need to cooperate for exchange rate stability.

Similarly, Takemura declined to comment on the possibility that the United States may move toward sanctions against Japan after bilateral trade talks in Washington failed the same day to produce an agreement on boosting Japanese purchases of foreign autos and auto parts.

Instead, he cited as an encouraging factor the agreements at the Washington trade "framework" talks on Japanese Government procurement and Japan's insurance market, saying the markets will positively assess the partial accords.

On the Madrid meeting, Takemura said the finance leaders of Britain, Canada, France, Germany, Italy and the U.S. agreed when he asked for much more close coordination and cooperation in foreign exchange rates because of great interest and concern in Japan.

"I think it is a big achievement of this meeting that our commitment made through previous G-7 meetings for cooperation in the foreign exchange issue was reaffirmed," Takemura said.

Declining specific comment on the yen level required for cooperation, Takemura said, "generally speaking, we will take appropriate and timely action in close cooperation with each nation in case there are speculative, short-term, extreme moves."

Bentsen told a separate news conference that the G-7 ministers "discussed recent developments in exchange markets and we reaffirmed our commitment to continue to cooperate closely."

Takemura said the meeting was fruitful, addressing future challenges in a constructive manner.

And Bank of Japan Governor Yasushi Mieno chimed in at the same news conference with Takemura that the atmosphere in the Madrid gathering was the best of the 15 such meetings he has attended.

Macroeconomic conditions of the G-7 nations have been headed in a more favorable direction for six months since the July G-7 summit in Naples, Italy, Mieno said.

"I feel policies to achieve noninflationary, sustained economic growth for medium-term have gradually worked," he said.

Takemura said, in the closed-door meeting he told his counterparts that foreign exchange rates remain unstable, subject to speculative moves and that, "stability of currency rates is extremely important for sustained economic recovery."

He said he told the G-7 monetary authorities that they must cooperate closely in currency rates based on their common perception expressed in Naples.

Saito on G-7 Requests

OW0310094994 Tokyo KYODO in English 0919 GMT 3 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 3 KYODO—Japan did not face pressure for additional macroeconomic measures at the weekend Group of Seven (G-7) finance meeting but was welcomed for its latest actions, Vice Finance Minister Jiro Saito said Monday [3 October].

"I haven't heard of any requests for new measures," Saito told reporters, denying reported comments by U.S. Treasury Secretary Lloyd Bentsen calling for continued efforts by Japan to address its trade surplus, though welcoming the recent measures.

Saito said that Japan received credit from its G-7 partners as Finance Minister Masayoshi Takemura explained Japan's continued moves from the record 15 trillion yen pump-primer launched in February to the tax reform package decided last month, with multiyear tax cuts under a three-year time lag until the raising of the consumption tax.

On currency rates, Saito said, "it was a great success" for Japan as the G-7 finance ministers and central bankers at the meeting Saturday in Madrid reaffirmed their commitment to continue cooperating to keep exchange rates stable.

The reaffirmation stated in Bentsen's statement as the chairman of the Madrid session came in line with Takemura's insistence that wild fluctuations are undesirable and undermine Japan's efforts to boost domestic demand.

On the Japan-U.S. "framework" talks, Saito brushed aside the idea that concessions were made only by Japan, describing the insurance agreement as an "achievement" with both sides offering compromises to settle the 15-month-old talks.

He said that full-fledged negotiations will begin for the financial service area.

Takemura Sees G-7 Gap

OW0310103594 Tokyo KYODO in English 1019 GMT 3 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 3 KYODO—Finance Minister Masayoshi Takemura conceded Monday [3 October] that major nations have different views on the current levels of their currencies, but brushed off any lack of consensus over correcting the yen's rise.

"I can't say there is an absolutely same view (over the current exchange levels) as conditions are different in each nation," Takemura told a news conference after returning from a meeting Saturday of finance ministers and central bankers from the Group of Seven (G-7) major nations in Madrid.

But "the basic consensus" remains, he said, stressing reaffirmation of close cooperation at the Madrid session as a "great achievement" for Japan.

His comments partly explained why the G-7 ministers backed off from their commitments made during the Naples summit in July, merely reporting in a chairman's statement by U.S. Treasury Secretary Lloyd Bentsen, "we reaffirmed our commitment to continue to cooperate closely."

In an oral statement during the Naples summit, the G-7 finance ministers said that a further drop of the U.S. dollar on a broad front "is undesirable and unjustified."

Central bank governors did not attend the meeting during the Naples summit.

"Though the same wording was not reaffirmed," Takemura said, "I understand it as having that meaning" for the yen because his G-7 counterparts recognized his concerns over the yen's rise dampening the barely recovering Japanese economy.

Takemura said he particularly explained at the Madrid session that the yen "remains unstable and close G-7 cooperation is necessary," adding that he and Bentsen also agreed on cooperation during their bilateral meeting held earlier.

Other nations made "absolutely no requests toward Japan for further measures" to prop up its economy, which was acknowledged as lagging behind in staging its recovery, Takemura said.

Instead, Japan received high credits, especially on the tax reform package which includes multiyear income tax cuts decided on last month, Takemura said.

The mood of the meeting was "bright" with all G-7 nations entering a recovery phase, he said, adding that the centerpiece of macroeconomic issues was on "how to sustain the recovery" without inflation.

"The atmosphere was not one of nations calling on each other for measures" to stimulate their economies, Takemura said.

But Japan must keep a close watch on economic trends when forming the state budget for the next fiscal year, he said, vowing to adopt an economically oriented plan if necessary.

"We must judge correctly," he said.

Meanwhile, Takemura noted that it is "regrettable" the policy- making interim committee of the International Monetary Fund (IMF) failed at a meeting Sunday to endorse the G-7 proposal of a special allocation of 16 billion IMF special drawing rights for the poorest nations and economies in transition.

Takemura returned without attending the meeting or other gatherings of the IMF and the World Bank due to a tight Diet schedule at home.

Bank of Japan Governor Yasushi Mieno and Vice Finance Minister for International Affairs Kosuke Nakahira remained in Madrid to represent Japan.

Tokyo To Boost 1994 Auto Exports Quota to EU

OW3009143794 Tokyo KYODO in English 1327 GMT 30 Sep 94

[FBIS Transcribed Text] Tokyo, Sept. 30 KYODO—Japan has asked the European Union (EU) to boost Japan's quota of automobile exports to the region in 1994 from an initially agreed 984,000 to more than one million vehicles, trade ministry officials said Friday [30 September].

The request was made at bilateral automobile trade talks held in Brussels in the wake of stronger-than-expected demand in Europe, said officials at the Ministry of International Trade and Industry.

The officials said the EU is likely to accept the Japanese bid to a certain level, because the two sides agreed in September last year that the quota could be readjusted at a time of major changes in the market.

Japan's export quota for 1994 was set in March in bilateral negotiations based on an estimation that European automobile demand would grow by 2.0 percent over the previous year to about 12 million vehicles.

But new car registrations there from January to July were 7.64 million vehicles, up 6.6 percent from the previous year, suggesting demand is stronger than projected, the officials said.

EU To Increase Auto Imports

OW0110024194 Tokyo KYODO in English 0206 GMT 1 Oct 94

[FBIS Transcribed Text] London, Sept. 30 KYODO—Japan and the European Union (EU) agreed Friday [30 September] to increase Japan's auto export quota to the EU this year by 1.3 percent over last year to 993,000 vehicles, officials said.

Japan and the EU reached the agreement over two days of negotiations in Brussels which ended Friday.

However, the two sides failed to set a ceiling for next year on Japanese auto exports to the EU, the officials said.

In March, Japan and the EU set this year's ceiling at 984,000 vehicles on the basis of a projection that EU auto sales would rise 2.0 percent over last year.

Agreement to revise that quota upward was made in light of stronger-than-expected data showing new car sales in Europe rising 4.4 percent this year.

Total Withdrawal of Hoshuyama Remarks Opposed

OW0210071694 Naha RYUKYU SHIMPO in Japanese 1 Oct 94 Morning Edition p 1

[FBIS Translated Text] On 30 September, Tokuichi Tamazawa, director general of the Defense Agency [DA], called Taku Yamazaki, former DA director general and a member of the Liberal Democratic Party [LDP], to talk about remarks made by Noboru Hoshuyama, director general of the Defense Facilities Administration Agency. However, Yamazaki told Tamazawa that members of the LDP Defense Council are greatly worried that "complete withdrawal of the remarks is a contradiction of the (government's policy) of firmly maintaining the Japan-U.S. Security Treaty."

On the basis of the fact that Hoshuyama expressed at a news conference his intention to partially withdraw his remarks, a top DA official stressed on the evening of 30 September that time will mollify the feelings of the people in Okinawa.

Diet Remains Stalled, Compromise Proposal Made

OW0310123094 Tokyo KYODO in English 1217 GMT 3 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 3 KYODO—Diet business remained deadlocked throughout Monday [3

October] with the ruling coalition and the opposition continuing their row over the post of vice speaker of the House of Representatives, but some signs of compromise emerged.

Parties from the ruling and opposition camps held a series of talks to break the impasse, but the scheduled question-and-answer session on Prime Minister Tomiichi Murayama's policy address did not materialize.

The newly formed opposition parliamentary group Kaikaku (Renovation) boycotted Murayama's speech Friday at the outset of the current extraordinary Diet session.

Kaikaku boycotted the speech after its demand for the post of vice speaker of the lower house, currently held by the Liberal Democratic Party (LDP), was rejected by the ruling coalition.

The opposition group unofficially tabled a compromise proposal Monday, and Kaikaku members decided to continue negotiations over the issue for an accord by the end of the session, party officials said.

Kaikaku lawmakers indicated they may soften their stance on submitting a no-confidence motion against lower house Speaker Takako Doi from the Social Democratic Party [of Japan] (SDP) [SDPJ]. The opposition had threatened to push through with the motion after Doi opened the Diet session despite the Kaikaku boycott.

They said they will accept negotiations on the move if the ruling coalition guarantees fair management of Diet affairs.

Customarily, the largest party would hold the post of lower house speaker and the second largest party that of vice speaker.

But in August last year when the former ruling coalition government of then Prime Minister Morihiro Hosokawa took power from the LDP, they broke tradition and named Doi of the SDP, the second largest party, as speaker, while the post of the vice speaker went to the LDP, the largest party.

In a meeting of party leaders, the opposition coalition decided to continue talks over the issue of the vice speaker post to reach an agreement by the end of the 65-day session for implementation in the next Diet session, the officials said.

Opposition members also agreed they will demand Foreign Minister Yohei Kono give a briefing on his recent talks with U.S. trade officials.

They also decided that rather than demand a repeat of Murayama's policy speech in the Diet, they will demand that official copies of the text of his speech be distributed. Kaikaku had earlier demanded that Murayama deliver his policy speech again because opposition members were not present at the speech Friday due to the boycott.

Meanwhile, the ruling coalition said it will refuse any demands that Murayama repeat his policy speech.

Kaikaku plans to hold a meeting of all Diet members Tuesday to hear their views.

Within the opposition camp, calls are being heard for early resumption of Diet business, according to Kaikaku officials.

The 187-member Kaikaku is the second largest Diet group in the 511-seat lower house following the LDP, which forms the ruling coalition with the SDP and a tiny LDP splinter group New Party Sakigake. Kaikaku is the first stage of a new political party, merging noncommunist opposition parties, to be inaugurated as early as November to rival the ruling coalition.

Murayama Cabinet Approval Rate Declines

OW0210123394 Tokyo YOMIURI SHIMBUN in Japanese 28 Sep 94 Morning Edition p 2

[FBIS Translated Text] The YOMIURI SHIMBUN conducted a nationwide public opinion poll for two days from 24 to 25 September to survey the approval rating of the Murayama cabinet. The poll found 43.1 percent of the polled approving the Murayama cabinet, a drop of 0.2 percentage point from the previous poll conducted a month ago, and 41.6 percent of them disapproving the Murayama cabinet, the same as in the previous poll. Shortly before the poll was taken, the government and the ruling parties decided on a tax reform package calling for an increase of the consumption tax to 5 percent beginning April 1997. As a result, the issue of raising the consumption tax had little impact on the approval rating of the Murayama cabinet. As a major reason for approving the Murayama cabinet, many of the respondents said, "The prime minister is trustworthy." Thus, the poll found Prime Minister Murayama becoming increasingly popular among the people. In the support rating of political parties, meanwhile, 40 percent of the surveyed said, "We support neither parties." For five consecutive months, more than 40 percent of the surveyed were found to have had no position on the political parties. It is the first time that this unusual situation has been found in a series of polls conducted by the YOMIURI SHIMBUN and it shows deep distrust of people in politics.

As reasons for approving the Murayama cabinet, 29 percent of the polled said, "The prime minister is trustworthy," "The Murayama cabinet is better than the successive cabinets of the Liberal Democratic Party [LDP]" and "The Murayama cabinet takes a good political posture" while 28 percent of them said, "The Murayama cabinet is better than the non-LDP cabinets" and 14 percent of them said, "The Murayama cabinet appears to be stable." As reasons for disapproving the

Murayama cabinet, 34 percent of the respondents said, "The Murayama cabinet does not appear to be stable," 32 percent said, "It does not take a good political posture" while 23 percent said, "It has made little visible achievements."

With regard to the support rating of political parties, 30 percent of the polled supported the LDP, 11 percent the Social Democratic Party of Japan, 6 percent Shinseito [Japan Renewal Party], and 3 percent the Komeito and the Japan New Party respectively. The support rating of the LDP went up 3 percent and that of Shinseito dipped 1 percent from the previous poll.

In polls conducted since last May, more than 40 percent of the polled have said, "We support no party," showing the seriousness of the situation in which the people distance themselves from political parties. Only in the March 1989 poll and the May 1989 poll, more than 40 percent of the polled had said, "We support no party."

In the February poll, a record 45 percent of the polled supported no party and this trend has continued with the exception of the April poll. People, who supported new political parties formed by politicians who broke away from the established political parties, have distanced themselves from the new political parties following the chaos within the former ruling coalition parties, and many of them "support no party."

70 Percent Favor Lower House Election in 1995

OW0310054994 Tokyo MAINICHI SHIMBUN in Japanese 27 Sep 94 Morning Edition p 2

[FBIS Transcribed Text] About 70 percent of voters favor an early lower house election within the next year, according to a nationwide poll conducted by MAINICHI SHIMBUN early this month. During the forthcoming extraordinary session from 30 September, the Diet is expected to enact new election districts for single-seat constituencies, and elections under the new election system will become possible early next year. The ruling parties are trying to postpone the next general election as much as possible, but the opposition is calling for an early election. The public's preference for an early election may affect the future development of the political scene.

According to the survey, 23 percent wanted the next election "immediately after the enactment of the new election districts." Moreover, 23 percent wanted the general election in "spring 1995," 10 percent demanded "summer 1995," and 14 percent favored "fall to winter 1995." In total, 70 percent of the respondents called for a general election sometime next year. On the other hand, only 3 percent wanted the next general election "in 1996," while 10 percent said "lower house members can wind up their term" in 1997. In addition, 7 percent called for "an early general election under the existing multi-seat election system."

When asked about what key political controversy would follow the introduction of the single-seat constituency system, which is expected to create a bipolar political system in Japan, 43 percent said they "have no idea." However, 12 percent said an "economy- oriented versus a welfare-oriented policy" would be the new focal point of political debates; 10 percent said "big government versus small government," and 9 percent said "military versus non-military contributions to the international community."

Ozawa Statements on New Party Observed

OW0210102794 Tokyo TOKYO SHIMBUN in Japanese 27 Sep 94 Morning Edition p 10

[Report on a series of interviews with Shinseito Secretary General Ichiro Ozawa between 21-26 September; from the "New Trends in the News Media" column by Ryoji Tachio: "Watching—Ozawa Interviews"; first paragraph is newspaper's introduction]

[FBIS Translated Text] Ichiro Ozawa, secretary general of the Shinseito [Japan Renewal Party], held a news conference at the New Party Mirai's headquarters on the evening of 26 September and announced that he has been tentatively chosen as the chairman of the Executive Committee for a panel to prepare for the formation of a new party. Although Ozawa came under fire when he blurted out earlier that a "new party will be formed in September," the new party is now taking form under his initiative, just as he had intended. However, things did not go all that smoothly, as, on the same day, four dissident members from the Japan New Party [JNP] announced that they "did not plan to join the new party." Will the new party actually be formed?

Ozawa began his news conference at 2145 after the final meeting of executive officials of the new party consultation panel. He announced a draft list of appointments to the new party preparatory group and the new lower house parliamentary group "Kaikaku (Renovation)." However, the name of the chairman of the Executive Committee was missing from the list. A reporter questioned Ozawa on this point.

[Reporter] Has not the chairman been chosen yet?

[Ozawa] Oh, you are right. I have been chosen to serve this role.

In the past, Ozawa has denied unofficial reports which reporters tend to rush into disclosing. This time, however, he turned around and admitted, in a soft-spoken manner, that he had been chosen, as if to say this was common knowledge. The reporter questioned him further.

[Reporter] How do you feel about the rough start? For example, four JNP members are not planning to join the new party.

[Ozawa] "(It would be ideal) if all members from all the parties and groups participated, but they all have been asked to attend as individual Dietmen. I have not been informed that those four JNP members would not participate, but it is natural for them to act on their own will. I would like for more Dietmen to participate, hopefully without any exceptions."

On 20 September, Ozawa visited Aichi Prefecture "to make a round of thanksgiving" in appreciation of the peoples' support for the opposition candidate's victory in the recent upper house reelection for the Aichi electoral district. In addition, he attended meetings with executive officials of the new party consultation panel between 21 and 24 September.

Power Concentrated in the Executive Committee

On 23 September, a Japanese holiday, Ozawa visited the headquarters of the Democratic Socialist Party of Japan [DSP]. On the following day, he visited the JNP headquarters. After meetings with party officials, he held news conferences together with other executive officials of the new party consultation panel.

Ozawa has been gradually shifting authority to the Executive Committee under the new party preparatory group. This is indicated in the following remarks that Ozawa made in various news conferences:

"The new party preparatory group is a large framework aimed at the formation of a new party, and the new parliamentary group is just a part of it that involves only lower house members," (as stated by Ozawa in a news conference on 21 September); and "The Executive Committee is a body that will make decisions on and carry out planning, coordination, personnel appointments, and other matters in regard to the formation of the new party," (as stated by Ozawa in a news conference on 22 September).

According to the initial plan, the new parliamentary group's board of directors was to be entrusted with authority and responsibilities. However, this board was abolished as indicated in Ozawa's following remarks:

"It (the new parliamentary group) grew out of the new party preparatory group, so it should be encompassed within the preparatory group"; and "The Executive Committee will treat the new party preparatory group and the new parliamentary group as a single entity" (both remarks stated by Ozawa in a news conference on 23 September).

In this way, the preparatory group's Executive Committee was singly entrusted with the authority to make decisions in the process of forming the new party.

Regarding the Executive Committee's becoming more powerful, Ozawa said: "It has become increasingly necessary, to a greater extent than we initially anticipated, for the new party to carry out its roles," (as stated by Ozawa in a new conference on 23 September). He thus admitted that there was a change in strategy from a plan to gradually form a new party, as advocated by the JNP and DSP, to his plan to form the party quickly.

Criticizing Reporters for the First Time in a While

Regarding the appointment of the chairman of the Executive Committee, a reporter asked: "How do you feel about a report that you have tentatively been appointed?" In response, Ozawa said (on 23 September): "There is no such report. Reports are not always accurate. In particular, reports about me are hardly accurate." He thus criticized reporters for the first time in a while.

Asked how he felt about there being "voices raised among members of other parties and groups highly recommending Mr. Ozawa," Ozawa jokingly said (on 24 September): "I do not think there are such strong recommendations. I really do not care about becoming chairman."

Asked whether "the formation of the new party would be accelerated" now that the preparatory group has been strengthened, Ozawa proudly said (on 23 September): "It is not even the opportune time to talk about whether the new party will be formed sooner. There may be the difference that the party could be formed in November or that it may take until December, but we really want this to happen as soon as possible."

Meanwhile, the ruling coalition parties point out that "Mr. Ozawa is only trying to somehow maintain the centripetal force [which keeps the opposition parties and groups together] by continually saying, 'Let us form a new party right away.'"

Kubo Eyes SDPJ Dissolution To Form Liberal Party

OW0110111894 Tokyo KYODO in English 1051 GMT 1 Oct 94

[FBIS Transcribed Text] Sapporo, Oct. 1 KYODO—The Social Democratic Party (SDP) [of Japan, SDPJ] should dissolve itself to form a new party of social democrats and liberals, SDP Secretary General Wataru Kubo said Saturday [1 October].

Kubo said at a news conference in Sapporo, northern Japan, that he expects the new party to include "liberals" within the Liberal Democratic Party (LDP), the SDP's partner in the current three-party ruling coalition along with new party Sakigake [Harbinger].

He proposed holding a roundtable conference of politicians and other individuals to help launch the new party with the support of business executives, labor leaders, religious groups, scholars, intellectuals and bureaucrats.

In a related development in Japanese politics, Komeito decided at a meeting of its Central Committee in Tokyo the party will hold a convention in November to dissolve itself to join via a two-step formula a new party to be formed by member parties of the new parliamentary group "Kaikaku (Renovation)."

Under the two-step formula, local Komeito legislators and current House of Councillors members, who are not up for reelection next year, will join the Kaikaku-based new party, and House of Representatives members and upper house members, up for reelection next year, will join the party later.

Komeito is backed by Soka Gakkai, a Buddhist lay organization.

Kaikaku, formed on Wednesday, is expected to transform itself into a new political party in late November, although policy differences among its nine noncommunist forces are said to be very wide.

Most Kaikau members in both houses of the Diet boycotted Prime Minister Tomiichi Murayama's policy speech on Friday.

Former Coalition Parties Seek 'Power Reversal'

942A0621A Tokyo KANKAI in Japanese Sep 94 pp 74-82

[Article by Moichiro Matsuzaki, KYODO TSUSHINSHA political reporter: Formation of "New, New Party" Not Proceeding Smoothly Because of Differing Party Views"]

[FBIS Transcribed Text] *One month has passed since the former ruling coalition party lost government control. During this period, the new coalition government of the Liberal Democratic Party (LDP), Social Democratic Party of Japan (SDPJ), and Sakigake (Harbinger) started out smoothly, under the "troika setup" of Prime Minister Tomiichi Murayama, Deputy Prime Minister and Foreign Minister Yohei Kono, and Finance Minister Masayoshi Takemura and is beginning to show signs of becoming a stable, long-term regime. In policy matters, too, because the prime minister sharply reversed basic SDPJ policies, one after another, by "acknowledging the constitutionality of Self-Defense Forces (SDF)," "renouncing unarmed neutrality," "accepting the Rising Sun flag and Kimigayo anthem," etc., the barriers separating the three parties are lowered considerably and their unity is further strengthened.*

While complaints are heard that "it has become difficult to attack policy issues," the nine opposition party groups, centered on the old coalition, are hastening the formation of a "new, new party" and trying to firm up their rollback position to regain political power. The chances of success of the opposition parties' "new, new party" strategy and recent dvelopments in the four main parties—Shinseito [Japan Renewal Party], Komeito, Japan New Party (JNP), and Democratic Socialist Party (DSP)—and the LDP splinter groups, including the Kaifu group, will be discussed in this article.

Voltage Rising Toward "New, New Party" Formation but...

The Murayama regime was tested for the first time in the July extraordinary Diet session. On 21 July, after the crucial stage had passed, approximately 160 lower and upper house members of nine political parties and groups—eight former ruling coalition parties and "Koshikai" led by former Prime Minister Toshiki Kaifu—gathered in the lower house annex building number two and rallied to support the formation of a "new, new party."

The sponsor was the "Young Dietmen's Union to Promote Responsible Politics" made up of lower house representatives who had been elected three times or less. Shigeru Ishiba of Shinseito, Junji Higashi of Komeito, Banri Kaieda of JNP, Minoru Yanagida of DSP, Shokei Arai of Liberal Party, Hiroshi Imazu of Koshikai, Yoshio Sato of New Party Mirai (Mirai) and Takashi Sasagawa of former Reform Forum are serving as representative managers of this group.

The employees' dining hall of annex building no. 2, which was reserved for the gathering, was overflowing with 160 Diet members and media personnel who were all dripping with sweat as the air-conditioning was ineffective in the torrid heat. Amidst the heat, Shokei Arai represented young Diet members and made a declaration of resolve.

"Because of the emergence of the LDP-SDPJ coalition government, an illicit union of parties in the old setup, Japanse politics is presently faced with the crisis of losing the will for political reform and, at the same time, jeopardizing the execution of responsible policies domestically and abroad. The people had hoped for political reorganization based on policies and principles but that expectation was greatly betrayed by this illicit union. We will marshal our young power, and in order to carry out the political reform the realization of which is feared under the present regime and to organize a new political force based on principles and responsibilities, we shall strive for early formation, first, of a 'unified group' and then, a 'new, new party,' and aim to regain the government at the earliest possible date."

Next, Shigeru Ishiba proposed courses of immediate action for the "Young Dietmen's Union." In the Aichi district upper house reelection, resulting from the dismissal of upper house councilor Shoji Shinma because of the academic record falsification incident, the victory of the unified opposition party candidate will be sought. "Reform forums" will be held at various places throughout the country and the different opposition parties will cooperate by participating equally. Also, the young Diet members will independently hold policy seminars, and these three courses were endorsed by a shout of approval and resounding applause.

The remarks of various party leaders and representatives, who participated as guests, were also spirited probably because they were stirred by the younger Diet members' enthusiasm.

[Toshiki Kaifu, former prime minister] Although the LDP and the SDPJ were at the farthest extremes in basic policies, I was told by the party leadership to support the SDPJ chairman in the election to select the prime minister. I could not comply with this order and decided to run as a candidate. I wish to thank again for those who supported me. What we have to do now is to carry out reforms in preparation for the 21st century. Under a sound system of parliamentary democracy, we must establish politics based on principles and policies.

[Koshiro Ishida, Komeito chairman] There is no logic or reason for the LDP-SDPJ coalition. Together with you, I want to build a new party.

[Michihiko Kano, Mirai representative] The time has come to rule the country. Responsible politics must now take over the government reins."

[Takeo Nishioka, former Reform Forum representative] Unless we form a new, new party at the earliest possible date, we cannot gain the support of the people.

[Tsutomu Hata, Shinseito chairman] The people are dumbfounded by the LDP-SDPJ-Sakigake coalition. If the young members rise up, they can undodubtedly stir up a new movement. We will certainly follow.

[Morihiro Hosokawa, JNP representative] Let us work toward the formation of a new, new party as soon as possible. I want to share that determination with you.

After the meeting turned into a beer party, Shinseito Secretary General Ichiro Ozawa also appeared and with a glass in hand, mixed with younger Diet members and chatted cheerfully in a good mood. In a harmonious atmosphere, the meeting was concluded after about an hour with the rallying cry, "Let's unite and fight."

However, while high-spirited remarks followed one after another, the speech that attracted attention was made by DSP Chairman Takashi Yonezawa. "An enigmatic government has been formed. I do not think it can continue for long, but since it is a sly and cunning regime, it might last for a while." It was a statement that touched the concealed apprehensions of participants.

"Like Beating the Air"—Situation Exasperates Opposition Parties

During the interpellations in the extraordinary Diet session's lower house plenary meeting, Shinseito Chairman Hata, who was the first from the former ruling coalition party to take the floor to question, raised his voice and spoke rapidly.

"Doesn't the fact that leading parties of the former 1955 setup, which is also referred to as LDP-JSP collusion, should now align publicly, without holding any meeting resembling a policy conference, and profess reform for mere form's sake, point to a collusive government of rival parties, an irresponsible alliance?

"Regarding this cabinet that was formed through collusion between the LDP and SDPJ, which had confronted each in principles and policies for nearly half a century and abandoned the reform course we had pursued together, can the prime minister proudly state to the people again that this is a stable government which can meet the people's expectations? Does the prime minister have the confidence and assurance that his regime would not simply end by deferring the solutions of important issues, which would highlight the basic differences among the three parties, and concentrating only on party interests and strategies? I'd like to hear the prime minister's views."

In the postwar political history, the LDP and the SDPJ had confronted each other on all of the basic principles and policies, including issues of whether the Constitution should be revised or protected, whether defense should be built up under the Japan-U.S. Security Treaty or unarmed neutrality should be maintained, etc. Hata's strategy was to show the Murayama regime as a "collusive government, irresponsible alliance" by pointing out the policy contradictions between the LDP and the SDPJ.

However, Prime Minister Murayama's reply was "the SDF, which is exclusively defensive in character and the minimum armed organization needed for self-defense, is permitted by the Constitution," a statement which clearly acknowledged the "constitutionality of the SDF." While a "roar" was heard from the opposition party members, regarding the Japan-U.S. Security Treaty, too, he declared that "even after the end of the Cold War, it is indispensable in order to assure U.S. presence for Japan's national security and as a stabilizing factor in the Asia-Pacific region."

Subsequently, too, in his replies to interpellations in the lower and upper house plenary sessions, the prime minister renounced unarmed neutrality, which had been the SDPJ's distinctive plank, stating that "the policy had fixated the concept of a peace constitution and served a big role in securing the principle of civilian control during the Cold War but today, with the collapse of the Cold War, its role has ended." With respect to the "Rising Sun flag and Kimigayo anthem," too, he agreed to respect them as the national flag and national anthem and to provide such guidance at schools and educational sites, and thus, completely turned around basic policies one after another.

Former Prime Minister Nakasone, who acted against the party decision and voted for Kaifu in the election to select the prime minister, stated with a touch of sarcasm: "The present cabinet is an experimental cabinet. It's like the SDPJ entering the LDP hospital and receiving restorative surgery. Murayama is also undergoing a great transformation in his Diet replies." However, both the ruling and opposition parties were equally astounded at the adroitness of the prime minister's transformation.

With respect to basic policies, no matter which one was attacked, the prime minister has reversed SDPJ's policies one after another, creating a situation, "like beating the air," for the opposition. Shinseito leaders are even complaining that "The SDPJ is no longer the [same old] SDPJ. We did not even imagine that it would change so radically. If the LDP agrees to defer the tax reform, this government would have staying power. It has become difficult to attack."

Another viewpoint might be that through the SDPJ transformation, all of the political parties, with the exception of the Japan Communist Party, have no distinct differences in basic principles and policies; i.e., they have entered a period of "wholesale conversion to ruling parties." For that reason, as pointed out by Takeshi Noda, Koshikai representative, "it is also necessary for us to set forth a guiding principle on how we plan to lead Japan," so it can be said that the opposition camp has been forced into a situation where it must grope for a new confrontational front.

Can the Opposition Bring About Election Under the New System?

Ultimately, the formation of a "new, new party" is the only "trump card" left for the opposition camp to turn around the situation. As analyzed coolly by a Sakigake leader that "the opposition parties will probably have fewer means of attack; they will probably try harder now to stir up a sense of crisis by shouting for dissolution and follow up with the election; unless they do that, the opposition camp will break up and disintegrate," so it might be more correct to say that the formation of a new, new party, geared to the lower house dissolution and general elections, is the only cause and centripetal force left to unite the opposition parties.

In fact, the opposition parties' first-term Diet members, whose electoral bases are weak and who are concerned about the new election system, have formed the "First-Term Dietmen's Forum to Promote Unification" (representative manager, Kenzo Yoneda of Liberal Party). Aiming to organize the "new, new party" before the September extraordinary Diet session, they are openly showing a sense of crisis by requesting representatives of various opposition parties to immediately organize a "Preparatory Forum for New Party Formation" since the recommendation of the "House of Representatives Electoral Redistricting Council" might be submitted as early as the beginning of August.

On 7 July, immediately after losing the government reins, the nine opposition groups formed the "Reform Promotion Council." They have established a setup aimed at a new, new party, including the formation of the "Joint Election Campaign Headquarters," "Political Affairs Executive Committee," and "Policy Planning Executive Committee" under the "Reform Executive Council" and "Representatives Council."

On 25 July, three former premiers—former Prime Minister Kaifu, Shinseito Leader Hata, and JNP Representative Hosokawa—held a meeting. They agreed on the plan to form a new, new party as soon as possible and affirmed that the following two principles will be the main planks: 1) through deregulations and rectification of domestic and foreign price differentials, a "reform to help the people" toward a comfortable living will be carried out; and 2) the doctrine of "international cooperation," rather than one-nation pacificism, will be promoted and aggressive international contributions in nonmilitary fields will be aimed at. Also, after the threesome met, Hosokawa and DSP Chairman Yonezawa conferred and strengthened the ties between the two parties by agreeing to take joint actions on election matters and policy planning, and they also agreed to strive for formation of a new, new party.

The move within the opposition camp toward formation of a new, new party is certainly gaining momentum, but the problem is that there are conflicting views among the various parties on steps and procedures.

In contrast to Shinseito and Komeito that want to move directly toward formation of a new, new party, some in the DSP and JNP still adhere to the "two-step plan" of, first, forming a new party with JNP and DSP as the nucleus and then proceed toward the new, new party. The four LDP splinter groups of Koshikai, Mirai, former Reform Forum, and Liberal Party are showing movements to strengthen their ties. It might be said that three blocs—Shinseito-Komeito, DSP-JNP, and LDP splinter groups—are proposing the formation of a new, new party, each with its own ideas.

The DSP-JNP bloc is especially wary of the "alliance" between Shinseito Secretary General Ozawa and Komeito Secretary General Ichikawa. There is a deep distrust that cannot be erased, and they do not want to be interfered with in the formation of the new, new party after facing the sad plight of losing the government reins because the "Ozawa-Ichikawa alliance" misjudged the SDPJ move. Even a certain Shinseito leader complains that "if Ozawa is not around, a new, new party can be formed even tomorrow."

On the other hand, from the Shinseito-Komeito standpoint, the strengthening of unity between DSP and JNP creates suspicion that it might lead to closer ties with the LDP-SDPJ regime. The fact that the SDPJ camp, led by Prime Minister Murayama, is working constantly on DSP to "participate in the government," partly out of consideration for its supporting parent organization "Rengo" [National Confederation of Trade Unions] (Akira Yamagishi, chairman), which is trying to reconcile the split between the SDPJ and DSP, is another factor which is increasing such apprehensions.

Besides these differing view of various opposition parties, what type of politics will the new, new party aim for? It is too ambiguous to simply say that the "basic principles are reform and international cooperation." Upper house representative, Sadao Hirano, who is a close associate of Ichiro Ozawa of Shinseito says, "We are about to initiate the formation of two major political blocs. On one hand, I believe there will be a move toward a new, new party in the form of an 'open-door party' of reform and international cooperation with Kaifu, Hata, and Hosokawa as the central figures. On the other hand, it is rather difficult to predict what type of government or party will emerge as the LDP dismantles the SDPJ and whether it will resemble a 'closed-door party.'" A big question will still remain as to whether Ozawa's "Blueprint for Building a New Japan," the "ordinary country" doctrine, will be fully accepted as the policy for all opposition parties.

It is probably safe to assume that the basic strategy of the opposition camp is to solidify its election position under the new election system by hastening the new, new party formation and, at the same time, press the Murayama government for early lower house dissolution and general elections. However, with the aim of prolonging the Murayama regime as much as possible, the LDP-SDPJ coalition government is trying to follow the strategy of deferring the dissolution and general elections untill after next fall at the earliest. Therefore, it appears certain that the opposition camp's plan to form a new, new party will still have more twists and turns.

Next, the recent situation of various opposition parties will be examined.

Shinseito—Did Ozawa's Power Decline?

Changes have begun to appear in the "Ozawa-Shinseito" setup. On 30 June, before the installation of the Murayama cabinet, Ichiro Ozawa submitted a letter of resignation as secretary general to Shinseito's joint executive council. Claiming that "he was unable to support Prime Minister Hata, the party leader, and that he was solely responsible," he took the blame for the series of political developments that led to the unexpected establishment of the LDP-SDPJ coalition government.

At the joint executive council meeting, it was decided to dissuade Ozawa from resigning and the request was held up by deputy secretary general, Kozo Watanabe. However, since then not only does Ozawa fail to appear at opposition party meetings but he also fails to attend any of the intraparty gatherings. As he did during his term as LDP secretary general, when he accepted responsibility for the Tokyo gubernatorial election defeat and resigned unhesitatingly, this was Ozawa's way of "settling the account." During the process from Hata cabinet's en bloc resignation to the emergence of the LDP-SDPJ coalition government, regarding suggestions from both within and outside of the party to "support Hata again as the prime minister's candidate by fully accepting SDPJ proposals," Ozawa had put on an impressive show, declaring that "if I have to swallow these proposals, I will resign from the position of secretary general; if Hata is going to be supported again, I will leave Shinseito," so his action might be called appropriate.

While Ozawa is politically "confined," former Transport Minister Keiwa Okuda and Diet members under his influence began to voice comments actively within Shinseito. Okuda had taken upon himself the role of Ozawa's "critic" and had made suggestions unreservedly to Ozawa about political and party operations. Recently, however, Ozawa had avoided Okuda and acted independently without listening to his advice. On 30 June, the day after the party's defeat in the prime minister's election, Okuda, who had become increasingly unhappy about Ozawa's attitude, commented at a Diet members' gathering that "the party should be made brighter and discussions should be carried out more briskly in the party," and sought to democratize party operations while criticizing Ozawa, though indirectly.

Former Defense Agency Director General Kazuo Aichi, who is close to Okuda, stated in a lecture at Toyo University: "It is commonly believed that Shinseito is synonymous with Ichiro Ozawa but that is a big misunderstanding. People think Ozawa's 'Blueprint for Building a New Japan' is regarded as if it were the 'bible' but that is not true." He refuted the view that Ozawa had absolute authority in the party. He even revealed a determination to reform the party, stating: "Young and middle-ranking members do not have the same disposition as Ozawa. We are now marshaling that power to upgrade the character of Shinseito."

Such statements by Okuda and Aichi are unusual for Shinseito which has prided itself on "harmonious and close-knit" solidarity, the tradition of its predecessors—the LDP's Tanaka and Takeshita factions. Their statements substantiate to what extent Ozawa's power has declined.

Meanwhile, Ozawa visited the United States from 24 July, and in his meetings with U.S. Government leaders and Congressional members, he showed his aggressive stance: "No matter how the Murayama regime tries to gloss over issues, it will surely be stalemated by concrete policy matters. This regime will not last long unless it is extremely lucky." Declaring his "determination to regain the government" by "building a new, new party that is bigger than the LDP in September," he showed that he is still a person to be reckoned with. That is seen as his intention to return to "Shinseito as secretary general" in the fall just as the new, new party plans begin to move forward. "Ozawa criticisms" are smoldering in some quarters, but from the overall Shinseito standpoint, the status of "dependence on Ozawa" has not changed. Even Kozo Watanabe, who has difficulty dealing with "willful [so to speak] younger brother, Ichiro Ozawa," claims, "Ozawa is indispensable for the new, new party. He is needed in the shaping of Japanese history." Attention must be paid to how Ozawa will conduct rollback operations in the fall.

Indignant that his regime was terminated in less than two months, the party leader Hata is raring to go and eyeing the chance to "regain power." The party has high hopes for the soft image presented by Hata's "softness" as contrasted to Ozawa's "hardness." From August to September, he plans to make a stumping tour of 12 prefectures throughout the country, including Hokkaido, Iwate, Toyama, Tokushima, Tottori, and Fukuoka and, through soapbox oratories, appeal for support of Shinseito and directly seek the people's understanding of the opposition parties' new, new party plan.

Komeito—Considering Switch From "Ozawa-Ichikawa" to "Kajiyama-Kanzaki" Alignment

Like Shinseito's Ozawa, Komeito Secretary General Yuichi Ichikawa who forms the so-called "Ozawa-Ichikawa line" has been placed in an awkward position in his party. On 29 June, after defeat in the election for prime minister, he was surrounded by party leaders, including Vice Chairman Tsuneo Gondo, and criticized severely, "Why don't you cooperate with the SDPJ? This party is not for you only." This was a scene not seen before in "autocratic Ichikawa of Komeito."

However, probably because he is confident that he has the deep trust of Soka Gakkai Honorary Chairman Taisaku Ikeda, Ichikawa shows no sign of bending. Like the tough fighter he is, Ichikawa is saying "if you think you can take away my position of secretary general, try and do it," and challenging the party's floor leader Takenori Kanzaki, who is regarded as the successor to the "Ishida-Ichikawa lineup."

On 21 July, at the Komeito Diet members' meeting during the extraordinary Diet session, Ichikawa made the following statement after the introductory remark that "I have spoken a number of times in the past about our future course of action, but I wish to confirm that again at this time.

"The next election should be held under the new electoral system, and to prepare for that, we should form the 'new, new party' soon, with the former ruling coalition party's so-called reform promotion council as the parent body, and campaign in the general elections as the 'new, new party.' We shall be victorious and regain the government. I firmly believe that we should pursue that line as our 'unshakable course.'"

Furthermore, Ichikawa took the trouble to ask, "I do not think there are any objections but what is your opinion?" and sought to receive the group's applause.

Nevertheless, during the same evening, Takenori Kanzaki met informally with Prime Minister Murayama; Seiroku Kajiyama, former LDP secretary general; and Atsushi Kanda, former Defense Agency Director General of DSP at a Tokyo restaurant. Ostensibly, this was a periodic gathering of colleagues during their days as chairmen of their respective party's Diet policy committees, but it aroused suspicion. The fact that Kanzaki ordinarily addresses Kajiyama in a friendly way as "Kaji-san" and that he talks nonchalantly about his pipeline to the LDP adds to the suspicion.

An informed source comments that honorary chairman Ikeda is prepared to switch to Kajiyama-Kanzaki's "K-K line" if the "Ozawa-Ichikawa line" is ineffective. On 23 June, immediately before the three parties, the LDP, the SDPJ, and Sakigake formed a new coalition, religious groups and media persons opposed to Soka Gakkai and Komeito held a meeting to organize the "Shigatsukai" [April Society] (Kotaro Tawara, secretary general). LDP President Kono, SDPJ Chairman Murayama, and Sakigake Chairman Takemura also participated and such statements as "in the central power structure, there is a political party, with close relations to a special religious organization, which exercises political power and which can be said to be receiving special privileges from the country" (Kono), indicating that a "Soka Gakkai-Komeito encirclement ring" has been formed, are also making Ikeda nervous. Some think that Ikeda is leaning toward the decision that it is not advantageous for the "Ozawa-Ichikawa line" to further irritate the LDP-SDPJ-Sakigake tripartite union, so the leadership struggle at the party's general meeting scheduled for November is expected to draw attention.

JNP—Has Representative Hosokawa Regained Unifying Power

In April 1994, three members, including Akio Nakajima, left the party to form the "Group Seiun [Blue Cloud Group]." Also, in June, four members, including Satoshi Arai, left the party to form the "Minshu no Kaze" [Wind of Democracy] group and after Morihiro Hosokawa, the leader, lost the government reins, the JNP has been rocked by secessions. However, on 11 June, the first nationwide representatives' meeting was held since the party formation, and the continuation of Hosokawa as the leader was decided while Yuriko Koike and former Science and Technology Agency Director General Satsuki Eda, who left the United Social Democratic Party and joined the JNP, were elected as deputy leaders, so with the start of a new setup, the party confusion is brought under control for the time being.

Hosokawa was troubled by his personal problem of being summoned as a witness and, at one time, was beginning to lean toward the idea of resigning from the party leadership, but somehow he held on and is regaining the political ambition to rebuild the party organization.

With respect to the new, new party, there are those within the party, like Representative Eda, who views that "I feel it is proper for the JNP, DSP, and SDPJ's reform faction to form a group, first. These 'democratic, citizen groups' would form one party, and Shinseito and Komeito would probably form another party." However, Hosokawa stubbornly maintains the policy of placing the formation of the new, new party as the first objective, stating, "The various forces which aim for reform must be able to act decisively to resolve minor differences for the best common interests and to make sacrifices for the common good. We must not become engrossed in the details of means and tools and lose sight of the essential qualities that domestic and foreign conditions, which are in the turmoil of a transition period, are demanding from Japanese politics." Presently, opinions within the party are being unified along this line. As compared with Hosokawa who at one time was losing authority in the party, this can be taken as evidence that he is regaining the power to unify.

DSP—Showing Passive Attitude Toward 'New, New Party' Formation

The DSP was also shaken up recently. At the party's general meeting held on 7 and 8 June, Chairman Keigo Ouchi resigned, taking responsibility for the issue of the "Kaishin" unified party that triggered the secession of the SDPJ from the governing coalition, and the new setup of Takashi Yonezawa as chairman and Hironari Nakano as general secretary was installed. However, although the Yonezawa leadership had high hopes that "it would become the bonding agent to bring back the SDPJ to the ruling coalition," the LDP-SDPJ government emerged. Not only was the party structure shaken up but the outcome was to intensify the irritation of Rengo, its largest support organization, which had been complaining that "it would be distressed if the Rengo solidarity was cracked because of the split between the SDPJ and DSP into ruling and opposition parties."

Regarding the series of these developments, General Secretary Nakano is not trying to hide his strong dissatisfaction about the "Ozawa-Ichikawa line" which attempted a frontal breakthrough by using high-handed political tactics. He stands out in sharp contrast to Chairman Yonezawa who has close relations with Ozawa and Ichikawa. Even with respect to the new, new party concept, Nakano was extremely wary about the Ozawa-Ichikawa leadership and advocated the "two-step new party plan," which would guarantee the right to a voice, by forming a "new party" between the DSP and JNP prior to the new, new party. Some believe that former chairmen, Ouchi and Saburo Tsukamoto, who are passive about a new, new party which would include Komeito, are behind Nakano's statement.

LDP Splinter Groups—To Function as "Think Tank"

There are four LDP splinter groups in the opposition camp, namely, the former Reform Forum (Takeo Nishioka, representative; four persons), Liberal Party (Koji Kakizawa, leader; seven persons), Mirai (Michihiko Kano, representative; five persons), and Koshikai (Takeshi Noda, representative; six persons). Excepting the Liberal Party, the other three groups were political reform factions during the LDP days. It is a gathering of Diet members, each with his own forceful personality, but it is trying to strengthen its unity by forming the "Yotsubakai" [Four-Leaf Group], with former Prime Minister Kaifu as the central figure.

Since it would be difficult to make headway if they remain as small parties, the four groups have no objections to toeing the "new, new party" line, but they are showing resistance to the formation of a new, new party under the leadership of Shinseito and Komeito. The fact that former Prime Minister Kaifu is presenting his own ideas about basic principles and policies for the new, new party, and trying to lead the discussions in the opposition camp is an indication of that.

A number of political talents are in the four groups, including Nishioka (former education minister), who is well-versed in educational and cultural affairs; Noda, who is an authority on economic measures, in general, including taxation; Kakizawa, who has his own views about diplomacy; and Yuji Tsushima, who is a financial expert. If they can merge tactfully into the opposition camp, they have the potentials to become an influential "opposition party think tank" and play a central role in the formulation of the new, new party's basic principles and policies.

North Korea

U.S. Stages 'Nocturnal Air War' Exercises

SK0110043294 Pyongyang KCNA in English 0422 GMT 1 Oct 94

[FBIS Transcribed Text] Pyongyang, October 1 (KCNA)—Several dozen warplanes based on the U.S. imperialists' aircraft carrier Kitty Hawk mooring in the East Sea [Sea of Japan] of Korea flew to the sky above the sea off Kangnung close to the North on September 28 and staged a nocturnal air war exercise, according to military sources.

On the night of September 27, tens of carrier-borne warplanes on various missions staged an air war exercise, making a flight from the sky above the sea off Sokcho to the sky above the sea near the maritime Military Demarcation Line east of Chongjin, North Hamgyong Province.

These criminal war exercises were a very dangerous provocative move intended for a midnight surprise aerial strike on the DPRK.

On the same day, the U.S. imperialist warmaniacs and the South Korean puppets staged a large-scale joint air war exercise to examine the capacity of a preemptive strike at the DPRK with the sky above Tokjok island as the main theatre. Hurled into it were more than 300 fighter bombers, assault planes, observation planes and reconnaissance planes belonging to the U.S. Airforce present in South Korea and the puppet airforce.

On the 28th, 105 mm artillery groups of the puppet army deployed at firing positions in the areas of Yonchon County, Kyonggi Province, and Chorwon County, South Korean Kangwon Province, fired more than 400 shells at forefront areas. That day armed bandits of the puppet army deployed in an area of Songhyon-ri, Kosong County, South Korean Kangwon Province, fired over 300 shells of vulcan anti- aircraft guns, threatening the North.

'Aerial Esponiage' Said U.S. 'War Preparations'

SK0210080794 Pyongyang KCNA in English 0759 GMT 2 Oct 94

["Over 210 Cases of Aerial Espionage"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 2 (KCNA)—The warmaniacs of the U.S. imperialist aggression forces carried out more than 210 cases of aerial espionage against the northern half of Korea in September by sending many reconnaissance planes on various missions including U-2, RC-135 and E-3 based in South Korea and overseas, according to military sources.

The espionage by U-2 high-altitude strategic reconnaissance plane alone numbered above 30 last month.

The intensified espionage by the war-thirsty elements of the U.S. imperialist aggression forces, timing to coincide with the deployment of an aircraft carrier flotilla on the East Sea of Korea, fully shows that they are pushing ahead with the war preparations against the North on a very grave stage.

Demand for 'Special Inspections' Denounced

SK0210082494 Pyongyang KCNA in English 0817 GMT 2 Oct 94

["Despicable Demand for 'Special Inspections' Must Be Renounced"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 2 (KCNA)—Lashing out at the moves of the dishonest forces which are bringing forward again their demand for "special inspections" in an attempt to have it met at any cost, NODONG SINMUN Sunday [2 October] says:

This is an excessive demand which cannot work on anyone. The International Atomic Energy Agency and the dishonest forces must regain senses and act with discretion.

Follows excerpts from the signed article:

The introduction of light water reactors [LWR] is our bold decision which we made in spite of the big loss to our independent nuclear power industry into which we have poured enormous fund, technology and workforce. We do not want to get it from someone as a gift.

It is only too clear that our republic which regards independence as its life and soul would not allow inspections of ordinary military sites, tolerating the encroachment upon its sovereignty, in order to get LWRs.

In demanding that the DPRK allow "special inspections" in exchange for the supply of LWRs, the dishonest forces pursue the heinous political purpose of reversing the DPRK-U.S. agreed statement itself and inciting confrontation again between the two countries by poking their noses into the nuclear issue on the Korean peninsula.

The demand for "special inspections" will only lay obstacles in the way of a solution to the nuclear issue on the Korean peninsula and lead the situation to an extreme phase of tension.

The dishonest forces should abandon their perverse mode of thinking going against the trend of the times and lend an ear to the demand of the world people who want a solution to the issue.

Insistence on Light-Water Reactor Condemned

SK0110102694 Pyongyang KCNA in English 1019 GMT 1 Oct 94

[FBIS Transcribed Text] Pyongyang, October 1 (KCNA)—Voices of protest are ringing out from the South Korean public against the attempt of the traitor Kim Yong-sam to lay artificial obstacles in the way of the DPRK-U.S. talks by offering the "provision of South Korean-type light water reactors (LWR)".

A Kim who is a nuclear expert said that the "South Korean-type LWR" advertised by the authorities is based on a U.S. design and it is an assembly of parts from different countries and is not worth being provided to others in view of safety and economic advantages. Most preferential in a atomic reactor is safety, but the "South Korean-type LWR" is like a time bomb of disaster which might cause an accident anytime, he noted.

Pak Chang-ho, a worker of the "Korean power company" said only such political prostitute as Kim Yong-sam can put the label of "South Korean type" to Uljin Reactors Nos. 3 and 4, a bastard of unknown nationality.

This worker is taking part in the construction of the Uljin Atomic Reactors Nos. 3 and 4. He said: "Kim Yong-sam is asserting that North Korea-U.S. negotiation should be promoted conditional on the acceptance of this bastard by the North. Hidden in this is the sinister intention to block the progress of the North-U.S. talks at any cost and infiltrate into the North under the pretext of 'provision of light water reactors' and create a 'channel of opening' for destroying the socialist system."

Yi Chang-hyok engaged in agriculture in Uljin County, North Kyongsang Province, demanded that Kim Yong-sam give up the foolish scheme to impede the North-U.S. talks over the question of "South Korean-type LWR", and stop at once the construction of Uljin Reactors Nos. 3 and 4 which deprive the farmers of their means of living and step down from power.

Yu Chi-hwan, a pressman residing in-Mokpo, South Cholla Province, said that Kim Yong-sam must give up his foolish political plot to improve his public image marred by the fabrication of the North's "nuclear issue".

The Kim Yong-sam group which hates peace on the Korean peninsula and its reunification must no longer bring forward the "South Korean-type LWR", a ghost, but step down from power at once, he urged.

A dissident Kim said that as long as there is in the South the Kim Yong-sam group, the group of traitors doing harm to the fellow countrymen and opposing reunification, the North-South relations cannot be improved nor can national unity and reunification be expected.

Missiles, Chemical-Biological Weapons Denied

SK0110101594 Pyongyang KCNA in English 1009 GMT 1 Oct 94

[FBIS Transcribed Text] Pyongyang, October 1 (KCNA)—The South Korean "National Unification Board" in a recent "Report on the Inspection of Administration" submitted to the "National Assembly" let out the trash that the North "is increasing the range of missiles to strike all the areas of Japan", according to reports.

The South Korean rulers have persistently cried for the "guarantee of the transparency of the past nuclear activities" of the North, and now they are engaged in a malicious smear campaign against the North by faking up the rumor about North's "missile strike on Japan". This well shows how desperately they are trying to drive the DPRK-U.S. talks to a collapse and turn the situation on the Korean peninsula back to the original state of confrontation in league with Japan.

This is an unpardonable criminal act to provide Japan with a pretext to put spur to its nuclear armament and its conversion into a military power and encourage it to stage a comeback to Korea.

The puppets also attempted to do harm to the North by bringing forward the old allegation of "export of missiles to Middle East countries" by the North, which is a preposterous fiction.

It is as clear as noonday that the DPRK, which has made consistent and sincere efforts, calling for a ban on the use of the mass destruction weapons and their elimination, does not export missiles to Middle East countries.

The puppets, however, continue with their false propaganda on "missile export" by the North. This is a base intrigue to drive a wedge into friendly relations between the DPRK and Middle East countries and spread the rumor for spoiling the atmosphere of the DPRK-U.S. talks even to those countries.

This time the puppets threw together the balderdash that "North Korea has produced chemical and biological weapons" and "is testing them on prisoners". We are simply amazed at this sheer fabrication.

The Kim Yong-sam group is resorting to such mean false propaganda not worth a penny to get out of the poor lot in which it has been elbowed out of the way of the DPRK-U.S. talks and made a target of international criticism for its anti-national acts. But this will only precipitate its international isolation and bring it to its grave through a short cut.

Reaction to ROK Defense Minister's Remarks

SK0310051694 Pyongyang KCNA in English 0451 GMT 3 Oct 94

["Dangerous War Blast"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 3 (KCNA)—Recently, South Korean puppet Defense Minister Yi Pyong-tae revealed the scheme to continue to stage the Team Spirit joint manoeuvres, a test nuclear war against the North, at "the National Assembly defense committee."

Commenting on this, NODONG SINMUN today says: Yi, a war-thirsty element, said it would "be finally decided" whether the exercises will be staged or not this year at "the annual security consultative meeting" between South Korea and the United States slated in Washington. He also said "South Korea intends to stage the military exercises regularly" from next year. This is a very provocative war blast against the North.

His bellicose outbursts are taken more seriously because they came when the U.S. military hardline conservatives deployed the Kitty Hawk carrier flotilla in waters off the Korean peninsula and threatened "use of military forces against North Korea."

Facts show that Yi's remarks concerning the Team Spirit are part of the pressure and an open military threat pursued by the dishonest forces to get more compromise from the Democratic People's Republic of Korea at the DPRK-U.S. talks and, further, a criminal move of those who are trying to break up the talks and drive the situation of the Korean peninsula back to the phase of acute confrontation and tension.

If the South Korean puppets think they can frighten the North with the Team Spirit nuclear war gamble in league with outside forces, it is a mistake.

We do not want a war, but are not afraid of it. We want peace, but never beg for it. War is not good for the North, the South and the United States.

If the Kim Yong-sam group persistently seek adventurous military confrontation and war, hand in glove with outside forces, it will have to pay dearly as disturbers of peace and heinous warmaniacs.

Yi's Remarks Termed 'a Lie'

SK0110045194 Pyongyang KCNA in English 0435 GMT 1 Oct 94

["Deception of Nuclear Criminal"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 1 (KCNA)—The South Korean puppet defence minister, Yi Pyong-tae, at the "Defence Committee of the National Assembly" on September 29 hypocritically prattled that South Korea "has no intention to possess its own nuclear weapons," according to a radio report from Seoul.

The remarks of Yi Pyong-tae were a lie to conceal the criminal act of the puppets in hastening the development of nuclear weapons in secrecy from long ago under the "nuclear umbrella" of the United States.

The puppets have stockpiled a large amount of plutonium produced at the Wolsong heavy water reactor and the multi-purpose research reactor of the Taedok complex and are now working overtime to obtain much more amount of it by developing even a fast breeder reactor. Illogical is the puppets' protestation that they "have no intention to possess nuclear weapons".

Not long ago, Yi Hong-ku, puppet unification minister of South Korea, revealed their ulterior intention to push ahead with the development of their own nuclear weapons in real earnest, declaring that "the North-South joint declaration on denuclearisation has been virtually nullified" over the fictitious "nuclear issue" of the North.

The utterances of Yi Pyong-tae this time only brought into a more glaring light the criminal color of the puppets as nuclear warmaniacs who do not have the least interest in a solution to the nuclear issue on the Korean peninsula but are trying to plunge the nation into a nuclear holocaust by accelerating nuclear armament.

As shown above, our nation can never be safe with the Kim Yong- sam group left alone. A sledge hammer must be brought down on the head of the Kim Yong-sam group, a nuisance to the nation.

Japan Criticized for 'Blocking' Nuclear Solution

SK0310023494 Pyongyang Korean Central Broadcasting Network in Korean 0629 GMT 2 Oct 94

[Unattributed talk: "Japan Should Reflect Deeply"]

[FBIS Translated Text] Japan's reckless maneuvers to block a solution to the nuclear problem on the Korean peninsula continue persistently.

As has been reported, the Director General of the Japanese Science and Technology Agency recently raved that it is regrettable that worries of the international community about North Korea's development of nuclear weapons have not been removed, that overall inspections should be accepted, and so on.

Furthermore, a high-ranking Japanese Government official, who attended the international conference on population and development held some time ago in Cairo, the capital of Egypt, again slandered our nuclear issue during a news conference, and presented a preposterous gibberish that elimination of nuclear suspicion should be a precondition for providing North Korea with light-water reactors.

Japan recently held a joint meeting of the so-called Parliamentarians League in Tokyo with the South Korean puppets. In a joint statement released after the meeting, Japan openly stated that inspection of North Korea's past nuclear activities should be carried out.

This is indeed a reckless act of those who go counter to the trend of the present era toward peace and detente.

Our country and the United States are making sincere efforts to implement the statement of DPRK-U.S. agreement. In expert-level negotiations held in Pyongyang and Berlin, affirmative agreement [kungjongjogin habuirul] was reached in accordance with the statement of DPRK-U.S. agreement, for the work of replacing our graphite-moderated reactor with a light-water reactor, compensation for alternative energy, the establishment of liaison offices, and a series of issues.

In addition, a second session of the third round of talks was held in Geneva according to the statement of DPRK-U.S. agreement.

At this very time, the Japanese authorities are creating obstacles to resolving the nuclear problem by again raising the issue of clarification of our past nuclear suspicion, which convinces no one. This evokes great surprise at home and abroad.

The nuclear suspicion lies in Japan itself, not us. The accumulation of excessive amounts of plutonium, modern missile equipment, and scores of kilograms of plutonium which were hidden in nuclear power stations, all arouse suspicions over Japan's nuclear program. Even Japan's western allies, including the United States and England, expressed worries about this.

In fact, Japan has no justification to wedge itself into the resolution of the nuclear problem on the Korean peninsula. The very parties concerned with resolution of the nuclear problem on the Korean peninsula are none other than we and the United States.

When the light-water reactor is introduced, nuclear suspicion of us will be naturally removed and thus the nuclear problem on the Korean peninsula will be resolved.

Thus, why is Japan picking a quarrel by raising the nuclear suspicion issue, when it has nothing to do with the nuclear issue on the Korean peninsula?

Japan's purpose in this is to hinder resolution of the nuclear problem by laying artificial obstacles to its solution, and by taking advantage of this, Japan is going to accelerate its nuclear armament on a full scale and open a road for overseas aggression.

In actuality, Japan has not liquidated its past. It is introducing modern, lethal equipment on a large scale while dispatching its self-defense forces overseas on a full scale. It is also gradually expanding its operational zone.

All this illustrates that Japan is not genuinely interested in resolving the nuclear problem on the Korean peninsula but seeks to block implementation of the statement of DPRK-U.S. agreement by all means.

Japan should properly behave in compliance with the trend of the times. It should not recklessly wedge itself into DPRK-U.S. talks. Doing this is beneficial to Japan's saving its face.

PRC Envoy Hosts Banquet To Mark Anniversary

SK0110044094 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 30 Sep 94

[FBIS Translated Text] On the occasion of the 45th founding anniversary of the PRC, PRC Ambassador to our country Qiao Zonghuai hosted a banquet at the PRC Embassy on the evening of 30 September. Invited to the banquet were Kang Song-san, premier; Kim Yong-nam, deputy premier and foreign minister; Yang Hyong-sop, chairman of the Supreme People's Assembly; Kim Kwang-chin, vice marshal of the Korea People's Army; Hyun Chun-kuk, director of the Central Committee of the Workers Party of Korea [WPK]; (Pak Kyong-son), deputy director of the WPK Central Committee; Cho Kyu-il, vice foreign minister; Cho Won-myong, vice chairman of the External Economic Committee; (Kim Hyong-chol), vice chairman of the State Science and Technology Committee; Kim Chong-ho, vice minister of culture and art; Chon Yon- ok, vice chairman of the Central Committee of the DPRK-PRC Friendship Association and vice chairman of the Committee for Cultural Relations with Foreign Countries; Sin An-bang, vice chairman of the Pyongyang Municipal Administrative and Economic Committee; and functionaries concerned.

Ambassador Qiao Zonghuai delivered a speech at the banquet. He talked about the founding of the PRC and the achievements of the PRC people during the past 45 years. He said it was regretful that the great leader of the DPRK people Comrade President Kim Il-song passed away, and that his death is a great loss to the DPRK nation. He said that the DPRK people have not just become overwhelmed by sorrow but have changed the sorrow into strength, and are effecting a new productive upsurge on various fronts to implement the party's economic policies and successfully carry out the tasks of the adjustment period of economic construction, while firmly uniting around the party Central Committee headed [suban] by Comrade Kim Chong-il. He sincerely hoped that the DPRK people would ceaselessly create new miracles and achievements in the struggle.

He said the great friendship between the PRC and the DPRK was initiated and developed by President Mao Zedong, Premier Zhou Enlai, and President Kim Il-song. He said that although they left us, the PRC-DPRK friendship provided by them is vigorously developing in full swing, and stressed that it is a consistent direction and policy of the PRC party and Government to ceaselessly consolidate and develop the friendship. He said that he believes the mutual concerns and efforts of the CPC centered by Comrade Jiang Zemin, and the WPK headed by Comrade Kim Chong-il, will enable the tree of the PRC-DPRK friendship to grow richer and bear more fruit in the future.

Deputy Premier and Foreign Minister Kim Yong-nam spoke next. He ardently congratulated the PRC comrades, who mark the 45th national day, and said the founding of the PRC was a demonstration of great revolution earned with the blood of the PRC people, and a historical event that brought about a fundamental change in the PRC people's social and political lives. He said, since the founding of the Republic, the PRC people have highly displayed the revolutionary spirit of self-reliance and fortitude, and developed their fatherland into a prosperous socialist country. He sincerely hoped the fraternal PRC people will make a greater achievement in the struggle to build the PRC's unique socialism and to unify the entire country.

He said that the DPRK-PRC friendship is a lofty friendship which the great leader of our people Comrade Kim Il-song personally established and nurtured with the great leader of the PRC people Comrade Mao Zedong, and the esteemed Comrade Zhou Enlai. He said the great leader Comrade Kim Il-song cherished the DPRK-PRC friendship in his lifetime and consolidated immortal achievements to strengthen and develop the friendship. Saying that developing the friendship generation after generation has been a consistent position of our Republic's Government, he added that, in the future, the DPRK will continue to positively develop the traditional DPRK-PRC friendship tied with blood.

The attendees of the banquet toasted for the traditional friendship and unity established with the blood of the peoples of the DPRK and the PRC, for the immortality of the great leader Comrade Kim Il-song, for the longevity of the great leader [widaehan yondoja] of our party and people dear Comrade Kim Chong-il, and for the longevity of the esteemed Comrade Deng Xiaoping and Comrade Jiang Zemin, and other PRC party and state leaders.

Kim Chong-il Said 'Sole' Successor to Father

OW3009142394 Tokyo ASAHI SHIMBUN in Japanese 30 Sep 94 Morning Edition p 9

[FBIS Transcribed Text] A national delegation of support for the unification of Korea from Japan is now visiting North Korea. According to a source close to the delegation, North Korean Premier Kang Song-san met with members of the delegation in Pyongyang on 29 September. Commenting on the issue of Secretary Kim Chong-il succeeding his father as president and general secretary of the Workers Party of Korea, the North Korean premier said: "Secretary Kim Chong-il has been at the helm of the party, the state, and the military for a long time and he has been declared the sole successor to late President Kim Il- song. There is no need to hurry with his succession." In this way, the North Korean premier made it clear that Kim's formal succession may take some time.

To Assume Posts 'Later This Month'

OW0310134094 Tokyo KYODO in English 1321 GMT 3 Oct 94

[FBIS Transcribed Text] Bangkok, Oct. 3 KYODO—A high- ranking North Korean official has said for the first time that Kim Chong-il, son of the late North Korean leader Kim Il-song, will be sworn in as president of North Korea later this month, a Thai diplomat told the KYODO NEWS SERVICE on Monday [3 October].

The inauguration ceremony will take place soon after the 100-day period for the mourning of Kim Il-song's death ends around the middle of this month, the Thai diplomat said, quoting the North Korean official.

Don Pramudwinai [name as received], director general of the Foreign Ministry's Department of East Asian Affairs, visited Pyongyang last week. He obtained the information from the North Korean Foreign Ministry's Director General of the Asian Affairs Department Yu Chae-han.

Don is the first Southeast Asian diplomat to visit Pyongyang since the death of Kim Il-song on July 8.

Yu also told the Thai diplomat that new leader Kim Chong-il wanted to hold a summit with South Korean President Kim Yong-sam as soon as possible right after his swearing-in.

Kim Il-song died after four decades of rule, and the posts of state president and party general secretary have remained vacant.

Meanwhile, North Korean Deputy Prime Minister and Foreign Minister Kim Yong-nam plans official visits to four Southeast Asian nations soon, Don said.

The visit will be North Korea's first diplomatic activity of its kind since the death of Kim Il-song and indicates the country's stability of power transfer.

Kim will visit Thailand, Singapore, Malaysia and Indonesia.

He is expected to talk to the Southeast Asian nations on the security of the Korean peninsula and North Korea's wish to participate in the ASEAN regional forum, according to the Thai diplomat.

The ASEAN regional forum, a security forum for the Asia-Pacific region, was initiated by the Association of Southeast Asian Nations (ASEAN) at its annual ministerial meeting in July this year.

Talk Elaborates on Upholding of Kim Chong-il

SK0110095494 Pyongyang Korean Central Broadcasting Network in Korean 0933 GMT 29 Sep 94

[Unattributed talk: "The Pride of Our People Who Live by Highly Upholding the Great Leader"]

[FBIS Translated Text] Today, our people are upholding the dear leader Comrade Kim Chong-il as the great leader [widaehan yongdoja], and are vigorously accelerating the revolution and construction by having everyone help and lead each other. In the process of this worthwhile struggle, the people's century-long desire is being brilliantly realized, and the people's independent and creative lives are in full bloom.

Our people's greatest honor and pride is highly upholding the great leader [yongdoja] and enjoying the happiness in their hearts, content without envying anything in the world.

The great leader Comrade Kim Il-song has taught: Due to the leadership and traits Comrade Kim Chong-il possesses, the loyalty and devotedness he has manifested, and the achievements he has accomplished, he is receiving the respect and love of the people as the leader [chidoja] of the people; he possesses high authority.

A revolution is a struggle to pioneer the people's fate; its struggle is influenced by the leader [yongdoja] who leads the revolution. The people's fate and future is dependent on what kind of leader [yongdoja] is being upheld. A great leader [yongdoja] must be upheld so that the people's genuine life and future can be brilliantly pioneered, and so all people can enjoy to their hearts content a worthwhile and happy life by firmly uniting as one big family.

There is no greater happiness and pride for the people than to live and carry out the revolution by upholding the great leader [yongdoja]. While walking the long and glorious revolutionary road of the revolution, according to the leadership of the dear leader Comrade Kim Chong-il, our people deeply experience in their hearts the greatness of the leader [yongdoja], feel love for the people, and possess lofty communist virtues.

To our people, the dear comrade leader is a great teacher and benevolent father who bears full responsibility for and brings their fate into full bloom. Because the dear comrade leader is being highly upheld as a great leader [yongdoja], all our people are becoming a most dignified people, possessing man's dignity at its greatest and enjoying a worthwhile life and happiness.

Our people's pride in upholding the great leader [yongdoja] lies mostly in that everyone is resolutely growing up to become genuine revolutionaries possessed with a lofty political life.

What is lofty for the people carrying out the revolution is political life. If people are to live worthy of man and carry out the revolution, they must be possessed with political life. Though physical life is alive, if political life is lost or socially abandoned, the body is like a corpse. Physical life is given by parents, but social and political life is given by the leader [yongdoja] of the revolution.

Today, all people are receiving the most lofty political life amid the grateful bosom of the great leader [yongdoja], and are endlessly elucidating the dignity and honor of a revolutionary.

The dear comrade leader presented all people—including workers, farmers, and intellectuals—with worthwhile revolutionary ranks, and made them enjoy the most worthwhile life of a genuine revolutionary, possessed with a lofty political life, by including them in party and mass organizations.

Workers, farmers, intellectuals, and their sons and daughters who were neglected in the past are now being fostered as cadres of the party and state, as are guiding functionaries of plants and enterprises; deputies of power organs discussing the country's political affairs; and heroes, professors, and doctors. All are in the bosom of love of the dear comrade leader. Thus, they are bringing into full bloom their creative wisdom and talents.

Today, the relationship between the dear comrade leader and our people is a relationship between a political protector who gives political life and takes care of us, and a fighter; it is a blood relationship between a father and son.

There has been no period like today when the great leader [yongdoja] and the people exchange numerous letters overflowing with love, faith, loyalty, and filial piety.

The song "If There Is No You, There Is No Fatherland"—which all people throughout the nation sing with their hearts—is filled with endless thanks and utmost praise for the people's benevolent father who is responsible for and blossoms their fate and future.

Another great pride of our people in upholding the great leader [yongdoja] is that all people are enjoying to their hearts content an endlessly worthwhile and happy life.

Along with political life, material life is an important part of social life in pioneering and elucidating the people's fate. All people demand to enjoy an abundant and happy life to their hearts content, without having to worry about living.

The dear comrade leader, who possesses a natural disposition of love and faith toward the people, established and put forth lines and policies for the people, making it so that all activities of the party and state would be consistently for the people. All people- oriented policies, considerations, and deep interest and prudent care by our party and state toward homes and individuals which are being equally carried out in our country today, are lofty fruitions brought about by the dear comrade leader's, the great leader's [yongdoja], lofty politics of benevolence.

The dear comrade leader put forth the promotion of the people's welfare as the highest principle of our party's activities; as the people's living standard is enhanced more, he is giving all kinds of consideration to embracing them with greater happiness.

There cannot by any means be satisfaction in the struggle to enhance the people's standard of living. The dear comrade leader's firm position is that, if it is for the people's greater happiness, the work must be carried out without fail, even by destroying mountains and covering oceans.

In the great monumental creations of the era of the Workers' Party—including Pyongyang Maternity Hospital, Changgwangwon, the Great Study Hall of the People, the People's Palace of Culture, Mangyongdae Children's Palace, and the great vinalon complex in Sunchon—there lies the great leader's [yongdoja] warm fatherly love toward the people, sparing nothing in this world if it promotes the people's welfare.

Another great pride of our people in upholding the great leader [yongdoja] lies in that everyone is living in harmony by helping and leading each other amid one great revolutionary family. Trying to live amid one great revolutionary family by upholding the great leader [yongdoja] is a seething desire of the people carrying out the revolution. The people's worthwhile life and future are realized when society is firmly united as one great family.

Our society, which upholds the dear comrade leader as the great leader [yongdoja] and which has formed one great family, is a place of happiness never before seen in history. Our people are brothers and sisters, living in harmony and sharing happiness.

The reason it is possible for our country to become one great revolutionary family lies wholly with the dear comrade leader's lofty politics of benevolence, which are brilliantly embodied. The dear comrade leader, who regards believing in the people as in heaven as a favorite motto, unsparingly devotes everything if it is for the people's happiness and future.

The dear comrade leader's lofty politics of benevolence is brilliantly embodied, and a sense of revolutionary ethics and comradely love are blossoming throughout the nation. Therefore, our society is in reality one great revolutionary family.

We cannot find any country in this world like ours, in which society upholds the great leader [yongdoja] as the father, and where all people throughout the entire country help and lead each other and share the joys and sorrows of life; a society where all people uphold the leader's [yongdoja] intentions and plans with loyalty and single-hearted unity, advancing vigorously; a society where the people's dignity and authority are most thoroughly guaranteed, and where one's hopes and talents blossom into full bloom without anyone worrying about living.

All people throughout the entire country have faith in the dear comrade leader as the great father, and are accelerating socialist construction with the faith of victory and the strong assurance that we will be victorious as long as he exists. There is no prouder and happier people in this world like our people, who uphold the great leader [yongdoja] as the father, and who live and carry out the revolution in a most glorious era.

Article Views Kim Chong-il's Rise to Power

OW0210133894 Tokyo BUNGEI SHUNJU in Japanese Oct 94 pp 148-154

[Article by journalist Iku Asou: "Kim Chong-il: The Mystery of His 60-Day Silence"]

[FBIS Translated Text] Nobody was aware of the shocking news that circulated in Japan's Defense Agency in the middle of August: "A large number of DPRK troops are being deployed along the border and U.S. troops stationed in Japan have been urgently dispatched!" A Defense Agency official said, "It was immediately known that the information was false. But it is true that the Cabinet Information Research Office was told this information and panicked for a moment."

Various reports on the North Korean situation raced around the world because Kim Chong-il, who is regarded as the heir-apparent to Kim Il-song, failed to make a public appearance for a long time. Misinformation such as that introduced earlier ran through government agencies, and the mass media also made countless reports that turned out to be wrong. A typical example: A South Korean newspaper late in August reported the "shocking information" that "Kim Pyong-il, Kim Chong-il's half brother and the DPRK ambassador to Finland, sought refuge in Austria."

This sort of report was immediately determined to be wrong information by those working for Western intelligence agencies engaged in the desperate pursuit of information on the North Korean situation.

On 11 July, immediately after Kim Il-song's death, the Finnish Government secretly sent an urgent message to the U.S. Government that "Kim Pyong-il left for Pyongyang today from the Helsinki International Airport."

Ambassador to Finland Kim Pyong-il, who is reputed to be the "strongest rival" of half-brother Kim Chong-il, has been under the strict surveillance of the Finnish security and intelligence agencies from Kim Il-song's death until today. In addition, there is a joint operation and frequent exchanges of information between the Finnish Government and several Western intelligence agencies. The urgent notification on 11 July testifies to the existence of the "Surveillance Operation of Kim Pyong-il" steadily undertaken by the international network.

Regarding Kim Pyong-il's movement, he was reported to have taken temporary home leave to North Korea in April, and he returned to Finland in June. Two days after Kim Il-song's death, he was discovered going home again via Beijing, confirming he was in Finland.

Moreover, DPRK diplomats are being treated almost as "persona non grata" by the Finnish Government. It was because the DPRK embassy in Norway was forced to close due to the DPRK ambassador to Norway being charged with involvement in narcotics smuggling in the latter half of the 1970's. So DPRK diplomats have been subjected to surveillance for a long time.

Although it has not been determined whether it is attributable to such measures, Kim Pyong-il makes it a rule to dutifully report to the Finnish Foreign Ministry whenever he takes temporary home leave. Intelligence sources in Europe explain it this way: "In Finland there are several trading firms loyal to the DPRK and they are reportedly engaged in the export and import of weaponry. Even the Israeli Government takes note of them as the sources of the DPRK's export of missiles to the Middle East. Meanwhile, the DPRK pays special attention to its embassy in Finland because of its vital importance. On his planned temporary home leave in April, Kim Pyong-il personally called on the Finnish Foreign Ministry and notified them that he "would be home for about a month."

First of all, absolutely no public announcement will be made quickly if a major VIP like Kim Pyong-il defects to a foreign country. The recent report on his defection was so extraordinary that it testifies to the big confusion revolving around the North Korean situation.

Incidentally, the Office of the Prime Minister was notified that the report of Kim Pyong-il's defection was wrong, after an early confirmation by the Japanese Government through a number of channels including diplomatic and unofficial channels.

Facts About the Reported Handbill Scattering

On 26 August more big news shook the Western world: "Handbills calling for the 'overthrow of Kim Chong-il' were found scattered on the streets of diplomatic quarters in Pyongyang."

A South Korean new agency was the source of the extremely shocking news that seemed to indicate confusion within the DPRK power structure.

This information was not available to most Western intelligence agencies before the news release. But it soon became known that the news source of the South Korean news agency was the ROK's National Security Planning Agency (NSP) and the NSP's source turned out to be the

German Government. According to a Western intelligence source in Seoul, "The former East German consulate in Pyongyang is now the mission of the German Government, without staff members from the German Foreign Ministry. But the staff members of the Intelligence Bureau of the Federal Republic of Germany are stationed in the embassy of a European nation in Pyongyang. It was presumed that the report on the handbills was based on a tipoff from the staff."

By the way, both the German and ROK Governments have been unable to get hold of the actual handbills. "The information from Germany was what they call a 'flash,' of which confirmation was going to be done later. It was unconfirmed because the ROK Government leaked the information to the mass media too quickly," European diplomatic sources said.

The difficulties in obtaining inside information on a restrictive nation like the DPRK are unparalleled and the walls are thick beyond imagination. Even in Baghdad during the Gulf crisis and Moscow during the Cold War days, entering those countries was not so restricted, and if a visa was obtained beforehand, one could almost freely enter Iraq.

Information that can currently be obtained is on the DPRK Armed Forces, and any considerable movement involving the DPRK's Peoples Army can be detected, because Japan, the United States, and the ROK spend an enormous amount of money on monitoring activities. But it is a different story when it comes to the Workers Party of Korea and the DPRK's national organizations. The diplomats and intelligence agents of Western nations have almost no direct access to the information and they have to rely on indirect information. Such are the realities that even the organ papers published by the government are difficult to obtain and it is more difficult to get any information about the "inner circle" of the central power structure.

Therefore, speculation based on an unconfirmed flash adds to other speculation and there have been many cases when this is reported as fact before any confirmation has been made. Japanese intelligence sources comment on this: "For those working at the forefront of Western intelligence agencies, reports on Kim Pyong- il's suspected defection and the scattering of antigovernment handbills are what they call observation balloons. But they have to be observation balloons based on facts. Take the example of Kim Pyong-il: We have caught the signals that he is aware of personal danger. It is necessary, therefore, to make careful checks and cool-headed analyses on this sort of information."

Japanese news media reports about Kim Chong-il's health were conspicuous, such as "pacemakers were shipped from a Japanese hospital for Kim Chong-il, who has a weak heart." But most of them were unconfirmed reports.

But, it is most dangerous to brush aside all the information as unconfirmed. As I mentioned earlier, the "report on Kim Pyong-il's defection" in late August was certainly erroneous. But it is true that the Governments of Japan, the United States, and the ROK studied ways to respond to the possibility of Kim Pyong-il's defection as a "realistic priority matter."

Kim Pyong-il and His Brothers and Sister

In Japan, a special project team was secretly set up, summoning specialists from seven government ministries and agencies for the purpose of working out a realistic countermeasure to meet the "possibility that major VIPs in the class of Kim Pyong-il might seek refuge in Japan."

In the background of convening such a meeting was a judgment that power struggles were expected in the process of Kim Chong-il's consolidation of power within the party, state, and armed forces, and that there is a high possibility of the elimination of opposition. North Korea's history attests to the fact that "eliminating opposing factions" means "deaths" in many cases. "Defections" are the only means for those condemned to escape from the fate.

Western governments were supposing that there would be defectors on the grounds of analyses of a power struggle at the core of the DPRK. A diplomatic source in the West explains, "The core of the DPRK Government means the 'Kim family' and the 'military hierarchy.' The DPRK's power structure will be known by watching those who are eliminated from the family and the military."

Among the Western intelligence agencies, Kim Pyong-il's name was long mentioned as a key person involved in the Kim family strife and he has been "promoted" to the most noteworthy personality since Kim Il-song's death.

It is supposed that Kim Pyong-il has been placed out of the power center from the following facts. Before serving in Finland, he was the ambassador to Bulgaria, with practically all his activities restricted by the DPRK authorities. He was on hand at Kim Il-song's funeral, but his name was not listed in the list of the funeral committee members. His activities have rarely been reported by the North Korean newspapers and news agency.

Similarly, Kim Pyong-il's brothers and sister (four children between Kim Il-song and Kim Song-ae) are out of favor. An intelligence source in Seoul explains, "Before or after 11 July, immediately after Kim Il-song's death, the three brothers and sister of Kim Pyong-il were confirmed to have gone to Pyongyang via Beijing. This means his brothers and sister are compelled to live abroad and testifies to the fact that they are thoroughly held off by the Kim Chong-il faction."

The value of information he may disclose if he ever defects to the West is immeasurable, although he has been forced to live abroad. This is because the Western intelligence agencies could obtain the inner information about the thickly veiled Kim family which they are desperately seeking.

Japanese intelligence sources explain: "The only imaginable reason that Kim Pyong-il might defect is that he felt his life was in peril. Although he is displaced from the center of the authority, it is certain that he has been satisfied with worldly desires by living in Finland, a Western nation. A photograph taken and distributed for the first time by a Western news agency this year showed him putting on weight and wearing a seemingly high-grade overcoat."

Presently, there is no objective information that a power struggle is taking place in the family. The roster of "personnel changes" of important figures to be announced at the time of Kim Chong-il's assumption of the posts of head of state and the party general secretary will tell where Kim Pyong-il stands.

In the meantime, the relations between Kim Pyong-il and the military are frequently reported, but a Western military source sees little possibility of defection by those belonging to the supreme military leader's class in the DPRK.

He points out the reasons behind his assumption: First, military cadres were placed high in the funeral procession of Kim Il-song; throughout North Korea there were no signs of unrest indicating disturbances within the military, and DPRK Peoples Army activities came to a complete halt immediately after the announcement of Kim Il-song's demise, except for an urgent mustering of the Capital Defense Division of Pyongyang.

Although based on only a few factors, Japan's Defense Agency believes there has been no deterioration of relations between Kim Chong-il and the DPRK Peoples Army cadres, headed by Minister of Peoples Arms O Chin-u.

What cannot be overlooked here is the fact that a seemingly nationwide "inspection" has been underway in the DPRK Peoples Army since early August. A Defense Agency source finds " 'a simultaneous nationwide inspection' unusual, because in the case of Japan's Self- Defense Forces, inspections of troops are conducted for an extended period of time from division to division." Another Defense Agency- related person points out the unusual timing of the inspection. "Why now?" Military inspections have generally been conducted during the winter, when fewer maneuvers take place. "As for now, what we know about the contents of the inspection are limited to weapons. But from the timing of the inspection, it is also construed that a check on the loyalty of the whole DPRK Peoples Army to Kim Chong-il is going on. It is aimed at taking measures to prevent soldiers from defecting rather than laying bare rebelling elements."

As was mentioned before, the possibility of defection by military cadres is low. But a source related to the Japanese Government says: "The Japanese Government is fully aware of the possibility that MiG-29's or submarines with crews aboard may defect. A mass desertion of soldiers is also expected if the power transfer to Kim Chong-il does not proceed smoothly."

The Governments of Japan, the United States, and the ROK are pondering the measures to take in a multitude of foreseeable cases, because they cannot predict when Kim Chong-il will make his appearance as the head of state due to his long silence.

Although it was hardly known, "a certain information" caught by the Japanese intelligence authorities gave rise to the popular view that "Kim Chong-il will be installed as the head of state on 9 September."

The Japanese intelligence authorities informed both the U.S. and ROK Governments immediately after it obtained the following information: "Chosen Soren [General Association of Korean Residents loyal to the DPRK] instructed its organizations throughout Japan 'to draft congratulatory telegrams by 12 August in preparation for the occasion when Comrade Leader Kim Chong-il assumes the post of head of state.'" The timing of the instruction, which was immediately after Chosen Soren's First Deputy Chairman Ho Chong-man returned from North Korea, is noteworthy.

Many leaders of Chosen Soren attended Kim Il-song's funeral and most of them returned to Japan several days later. But First Deputy Chairman Ho remained in North Korea, and he was reported to have had a "personal talk" with Kim Chong-il. A Japanese intelligence source said, "The fact that the instruction to draft congratulatory telegrams was issued immediately after Ho's return was interpreted as a high possibility that First Deputy Chairman Ho had some sort of message directly from Kim Chong-il as to the time of Kim's assuming the post of head of state."

The closest DPRK national event after 12 August is the DPRK's national founding celebration on 9 September. It was assumed that an announcement would come from Pyongyang from late August to 9 September. The Japanese authorities also obtained other information that supported such an assumption. Many Korean residents loyal to the DPRK in Japan were scheduled to leave Niigata for North Korea to participate in the 9 September event and the Central Committee of the Chosen Soren was scheduled to convene for two days in late September.

With such combined information, the Tokyo information was secretly relayed to the Western nations that "Kim Chong-il will assume the post of head of state on or around the 9 September commemoration day."

Then there was information "originating from the Chosen Soren." According to a Chosen Soren leader, headquarters sent the following top secret instruction to all subordinate organizations throughout Japan in late

August: "Finish preparations by 25 September for gatherings to celebrate Comrade Leader Kim Chong-il's assuming the post of head of state. Secure and make preparations for transportation by late September for a 30-man delegation (from the Chosen Soren) to go 'to North Korea' to attend the celebration in North Korea on the occasion of Comrade Leader Kim Chong-il's assuming the post of the head of the state."

Upon receipt of this instruction, all subordinate organizations of the Chosen Soren made reservations at hotels and similar facilities for the celebration. Thus the view gained momentum that Kim Chong-il is going to become the head of state possibly from late September to early October.

At the end of August, however, the intelligence authorities of Japan, the United States, and the ROK obtained and confirmed the credibility of information that "a high-ranking DPRK official said a 100-day mourning period is in force." At about the same time, the Chosen Soren canceled all reservations at hotels and other facilities all at once.

The available information was not conclusive and it is now presumed that Kim Chong-il will assume the post of head of state in late October.

According to a Western military monitor, Pyongyang streets are as tranquil as ever and there is no evidence that Kim Chong-il went on local inspections. Analyzing available information produces an assumption that the DPRK is still quietly observing a mourning period.

But this does not allow for optimistic thinking. Meanwhile, secret high-level talks took place in Tokyo between intelligence authorities of Japan and the United States. The U.S. side gave its official view that "there is a 50-50 possibility that North and South Korea will go into a state of war accidentally from the current tense situation." The "Operation Ulchi Focus Eye," a joint U.S.-ROK computerized war game that started on 22 August, was conducted on the assumption that DPRK troops started a lightning invasion from the Soraksan area.

According to Defense Agency sources, a United States task force led by the aircraft carrier Independence left its harbor at Yokosuka in late August on a purported training cruise. And Japan secretly and steadily carries on meetings of simulated counter-measures in preparation for contingencies. In view of the DPRK situation symbolized by "Kim Chong-il's long silence," the Governments of Japan, the United States, and the ROK have never curtailed their levels of counter-measures against worst-case scenarios.

Suspicions of Plutonium Smuggling

The illegitimate activities of DPRK agents cannot be ignored. The DPRK's encrypted broadcast, "A-3 Radio," is still on air, testifying to the fact that agents "with specific objectives" are operating in Japan. According to a reporter on the metropolitan police department beat, "There are strange movements by North Koreans in Japan." "The leader of the 'Choson Inun Trade Delegation' that came to Japan in early August continually changed his lodgings, and did not stay at the hotel he reported beforehand to the Foreign Ministry. It was apparent he was taking actions to deceive surveillance by arbitrarily changing his scheduled itinerary. The metropolitan police department assumed he was communicating directly with agents in Japan instructions that could not be aired by A-3 Radio."

News brought from Germany in late August has a high possibility of developing into extremely serious problems, but Japanese mass media have paid little attention.

On 26 August, German police authorities took into custody a German businessman on charges of smuggling plutonium, presumed to have its origin in Russia. What is vital in this news was that a German newspaper reported later that the 'DPRK had asked the German businessman to make plutonium available within a cost of \$100 million.'"

It was followed by another noteworthy report carried in the Austrian weekly magazine NEWS. The magazine reported, "The German businessman arrested by German police authorities on charges of illegally obtaining plutonium had contacts with the head office of a North Korean bank in Vienna. When I contacted the bank for an interview, the official, after telephoning several places, said 'the German businessman asked our bank to exchange Italian currency a year ago.'"

The North Korean bank mentioned in the report is the "Golden Star Bank," which does not engage in customer service at windows and is under the direct control of the DPRK Government. Because it is not a bank an ordinary foreigner can call on freely, it is totally unthinkable that it was asked to "exchange foreign money." A European Union security source points out, "This bank's sole line of business is selling gold mined in such places as Unsan in North Korea. A number of EU security authorities assume that this bank is used by the DPRK for the settlement of deals including exports of missiles to the Middle East. Ambassador Plenipotentiary Lee Chol at the DPRK's U.N. mission in Geneva has been noticed to make frequent visits to Vienna and call on the bank. And the Austrian Government has listed this bank as one which engages in money laundering and narcotics dealings."

The fact that the German businessman charged with smuggling plutonium had contacts with this bank bolsters suspicions that the DPRK is engaged in plutonium smuggling with full government blessing.

Having No Obligation to Kim Chong-il

It is said that Japan contains various smuggling routes for North Korea. As a matter of fact, the U.S. Central

Intelligence Agency has asked the Japanese authorities to cooperate in checking whether or not technology pertaining to weapons of mass destruction that the DPRK now holds is being supplied by Japanese sources. From now on, attention must be paid to plutonium.

The prevailing view among intelligence experts of Japan, the United States, and the ROK is that the obscurity about the real conditions within the power center will continue since Kim Chong-il will make few remarks even if he makes a public appearance upon his assuming the post of head of state in September or October. A Western intelligence source in Seoul points to "the necessity of monitoring and analyzing for at least another three months before they can grasp the realities about the Kim Chong-il system."

The economic support of the Chosen Soren in Japan is an indispensable factor for the maintenance of the Kim Chong-il system for an extended period of time. This is obvious from the fact that Kim Chong-il gave the highest treatment to Chosen Soren's leaders during Kim Il-song's funeral and the memorial gatherings by letting them stand beside him.

But let me comment on the anxious movements among leading Korean businessmen in Japan. A Korean businessman loyal to the DPRK said, "Some important businessmen of advanced age have made public statements that 'I owed an obligation to Kim Il-song, but I do not feel any obligation to Kim Chong-il at all.'"

He continued, "I expected that the Chosen Soren would naturally solicit contributions in anticipation of Kim Chong-il's assuming the post of head of state, but such an instruction has not yet been made. In the past, it used to collect contributions every year on every occasion that had something to do with either Kim Il-song or Kim Chong-il."

If a situation develops in which the "supporters" in Japan turn away, a collapse of the Kim Chong-il system is certainly at hand.

Daily Stresses Basic Foreign Policy Ideals

SK3009234994 Pyongyang NODONG SINMUN in Korean 8 Sep p 6 94

[Article by Paek Mun-kyu: "Independence, Peace, and Friendship Are the Basic Ideals of Our Republic's Foreign Policy"]

[FBIS Transcribed Text] The international authority and prestige our Republic possesses today have been accomplished by the independent foreign policy elucidated by the great leader Comrade Kim Il-song in his lifetime and his wise leadership over the struggle to carry it forth.

The great leader Comrade Kim Il-song has taught: Independence, peace, and friendship are the basic ideals of our Republic's foreign policy and are of universal significance in developing international relations in conformity with the demand of making the whole world independent.

Independence, peace, and friendship are the basic ideals of our Republic's foreign policy originally set forth by the great leader.

On the basis of his scientific insight into the development of international relations and the basic character of the current time, the great leader Comrade Kim Il-song laid down independence, peace, and friendship as the basic ideals of our Republic's foreign policy.

The ideals of independence, peace, and friendship are the ideals of the revolutionary foreign policy which makes possible to defend and exalt the popular masses-centered socialist system of our own style, and the common noble ideals of the mankind which helps the world people to truly devote themselves to strengthening international solidarity and to promoting the cause of global independence.

In order to adhere to and further glorify the socialist cause in our country, we must continue to firmly adhere to the principle of independence in politics, self-sustenance in the economy, and self- reliance in defense. In addition, we must accelerate the revolution and construction, exercise absolute sovereignty, and create an international atmosphere favorable to our socialist cause.

In order to build a new independent and peaceful world, all countries must consolidate national independence, oppose invasion and war, guarantee durable peace, and strenuously develop friendly and cooperative relations on the principle of equality and reciprocity. Only when all these conditions are carried out under the banner of independence, peace, and friendship, can they be fully realized.

The ideal of independence is the mostly-emphasized ideal among the basic ideals of our Republic's foreign policy elucidated by the great leader Comrade Kim Il-song. The ideal of independence constitutes a foundation stone defining all the foreign policy and activities of the government of the Republic.

Independence is the life of the country and the nation, and the basic index of the independent country.

Only when the ideal of independence is embodied in the state activities, can national dignity and the country's independent development and prosperity be achieved and can the cause of making the whole world independent be triumphantly realized.

Independence is the foundation of every state relations. All countries and nations have the independent and impartial rights as an equal member of the international community. Even though there are big and small countries in the world, there cannot be a country with low status or high status. Likewise, there cannot be a dominating nation or a dominated nation.

Accordingly, privilege or despotism should not be allowed in international relations at all costs and the perfect equality based on the mutual respect and independence should be guaranteed. The ideal of independence lets every country have state relations based on independence and develop friendly and cooperative relations. Such ideal makes every individual country to press on the nation's independent development and the implementation of the mankind's independence.

The government of the Republic has always worked out its foreign policies independently and thoroughly defended its sovereignty, rejecting all manners of pressure, threat, and blackmail. And, at the same time, it has actively supported the just cause of the peoples of all countries for national sovereignty and liberation against domination and subjugation of the imperialists. By firmly adhering to independence, our people are vigorously marching ahead along the road of socialism which they themselves have chosen and are solidly defending the revolutionary faith and principle.

The ideal of peace is the inevitable demand originating from the characteristic of our country's state and social system.

Our country, in which the most superior socialist system is established where the working popular masses are the masters of everything, and where everything serves the interest of the working popular masses, has no classes or circles interested in aggression or war against another country, and all people in our country wish for a lasting and durable peace and for security in our country and the world. Our people's cause of socialism, and their cause of the country's reunification, can only be successfully realized in a peaceful environment. Therefore, the government of the republic is actively embodying the ideal of peace in its external activities.

The government of the republic resolutely opposes the imperialists' policies of strength-backed confrontation and of aggression and war, and invariably calls for a halt to the arms buildup, the disbanding of military blocs, the abolition of foreign military bases, and the withdrawal of foreign forces. It also demands that nonnuclear peace zones be established in various parts of the world; that the testing, production, storage, and use of nuclear weapons be banned in all regions of the world; and that nuclear weapons be abolished completely. The ideal of peace firmly ensures the peace-loving policy and peaceful external activities of the government of our republic.

Strengthening friendship with other countries is a firm policy of our republic.

The ideal of friendship reflects the yearning of our people, as well as the world's progressive people, who wish the establishment and development of relations among countries on the basis of independence and equality.

Our country is part of the world, and our people's cause of socialism is developing in close connection with the cause of independence of the people of the world. For our people to win victory in the cause of socialism, they should not only strengthen chuche revolutionary forces, but also strengthen the world's independent forces and strengthen our solidarity with them. We should continuously expand and develop our friendly relations with many countries of the world so that we may strengthen the international position of our republic, defend our people's national interest and right of independence in the international arena, and accelerate the victory of our people's cause of independence.

The solidarity with the people of the world who advocate independence is the invariable principle of the government of our republic. The government of our republic takes prior interest in the development of friendly relations with the world's progressive countries, including the socialist countries and nonaligned countries, according to the ideal of friendship; however, at the same time, it establishes friendly relations and develops economic and cultural exchanges with capitalist countries that treat our country with good will. The government of our republic is giving due heed to developing friendly relations with Asian countries located near our country geographically.

The great leader Comrade Kim Il-song set forth the basic ideals of the external policy of the government of the republic, and exercised his leadership so that the government of the republic may brilliantly embody them in its external activities, thus making immortal contributions to the development of our revolution and to the realization of the cause of independence of the entire world.

Under the banner of independence, peace, and friendship set forth by the great leader Comrade Kim Il-song, our republic has been able to crush all sorts of maneuvers by imperialists and reactionaries to isolate and stifle our country and to obliterate our cause of socialism; to dependably defend peace and security in the country; and to exceedingly enhance the country's international position and authority.

By continuously and thoroughly implementing the ideals of independence, peace, and friendship set forth by the great leader Comrade Kim Il-song in his lifetime, the government of the republic will, as in the past, accelerate socialist construction in our country and actively contribute to the cause of independence of the entire world.

Self-Reliant Economic Construction Line Lauded

SK0110235094 Pyongyang Korean Central Broadcasting Network in Korean 0940 GMT 30 Sep 94

[Unattributed talk from the "Let Us More Thoroughly Arm Ourselves With the Great Leader Comrade Kim

Il-song's Revolutionary Idea" program: "The Thorough Implementation of Self-Reliant National Economic Construction Line Is a Firm Guarantee To Strengthen the Country's Economic Might"]

[FBIS Translated Text] In fully displaying the superiority of the popular mass-centered socialism of our own style, it is very significant to firmly build the socialist material and technical foundation by continuously strengthening the country's economic might and to more satisfactorily solve the people's food, clothing, and housing questions by meeting the socialist demands.

The great leader Comrade Kim Il-song has taught: In socialist economic construction, we should thoroughly implement the self- reliant national economic construction line. Its justification is now being demonstrated more clearly. As a result, we should strengthen the country's economic might and satisfactorily solve the people's food, clothing, and housing problems in conformity with the socialist demands.

The meaning of building the self-reliant national economy is to build the economy that moves forward on its own feet without being subjugated by others, that serves the people, and that develops by the country's resource and its people's might. In other words, it means that we should vigorously develop the economy to basically produce in our country the heavy industrial goods, the light industrial goods, and agricultural goods necessary for the country's prosperity—as well as for improving the people's standard of living—and that we should make all sectors constitute a general economic system—which is being organically linked with each other—by equipping the economy with a modern technology, thus building a strong raw material base. Therefore, this becomes just the strong economy that cannot be faltered in any difficult circumstances, nor affected by the world-wide economic upheavals.

Thoroughly implementing the self-reliant national economic construction line is a firm guarantee for strengthening the country's economic might. This is because we can develop the economy comprehensively and multilaterally, only when we thoroughly implement the self-reliant national economic construction line.

Only when we build the multilateral and comprehensive economy can we sufficiently build economic sectors and production processes necessary for the economic development and for the people's lives, as well as strongly build the socialist material and technical foundation by satisfactorily meeting the various economic demands of the country. Also, we can continuously enhance the people's standard of living in conformity with the demands of socialism.

Therefore, such development of the national economy—comprehensive and multilateral—can be firmly guaranteed by the self-reliant national economic construction line. This is because the self-reliant national economic construction line can make us construct a comprehensively developed economy—which constitutes the multilateral economic structure that can satisfactorily meet the material demands necessary for the country's economic construction, the defense construction, and the improvement of the people's standard of living.

The thorough implementation of the self-reliant economic construction line becomes a firm guarantee to strengthen the country's economic might. This is also because it would make us properly build all sectors of the national economy with a modern technology. The country's economic might can be assessed by the level of the development of technology. Furthermore, in today's high-level development of technology, the level of the technology and equipment of the economy becomes an important criterion to assess economic might.

The level of the technological development—which is very significant in assessing the country's economic might—can be further enhanced, only if we thoroughly implement the self-reliant national economic construction line. This is because the self-reliant national economic construction line can make us quickly develop the country's science and technology, as well as achieve the comprehensive mechanization, automation, and remote control projects in the industrial fields by promptly accepting the modern scientific and technological achievements. Also, this is because it demands that we accelerate industrialization and modernization in the agricultural fields at a higher speed, and because it opens a wide road to firmly build the economy based on the high level of science and technology.

We can successfully guarantee the multilateral and comprehensive development of the economy by effectively developing and utilizing the country's natural resources, only if we equip all sectors of the national economy with a modern technology in conformity with the demands of the self- reliant national economic construction line. Also, we can further strengthen independence and self-reliance of the national economy.

The thorough implementation of the self-reliant national economic construction line also becomes a firm guarantee for strengthening the country's economic might, because this makes us increase production at a higher speed by guaranteeing the national economy's planned and balanced development.

The continuously high speed in the economic development is being regarded as an important yardstick in assessing the country's economic might. Also, this is firmly guaranteed by the national economy's planned and balanced development.

In the socialist society where all sectors of the national economy are linked to each other as a production body, the economy is being developed in a planned and balanced manner. Only when we rightly guarantee the national economy's plan and balance can we properly guarantee the balance between sectors of the national economy, between inside sectors of industries, and between the processes of reproduction, as well as quickly expand the economy.

Therefore, the national economy's plan and balance can be satisfactorily achieved by the self-reliant national economic construction line. We should implement the self-reliant national economic construction line to properly guarantee the balance between industry and agriculture, between heavy and light industries, between extraction industry and processing industry, and between inside sectors of industries so that we can satisfactorily guarantee the balanced development of the national economy, while harmoniously linking all production means with each other, from the raw material production to the finished production. As mentioned above, thoroughly implementing the self-reliant national economic construction line is a firm guarantee for strengthening the country's economic might. Since the first period of building a new society, our party has firmly regarded it as its strategic economic construction line to build the self-reliant national economy and vigorously made efforts for its realization.

Based on the immortal chuche idea, the great leader [suryong] presented the self-reliant national economic construction line for the first time in history. At each time and each stage of the developing revolution, he brilliantly elucidated the road to strengthen self-reliance and independence of the national economy.

With his matchless courage and energetic activity, the dear leader Comrade Kim Chong-il—who brilliantly carries the grand socialist economic construction plan of the great leader [suryong]—has vigorously led a struggle to more thoroughly implement the self-reliant national economic construction line in conformity with the demands of the developing realities.

With their revolutionary spirit of self-reliance and fortitude, our people have vigorously struggled to outstandingly build the foundation of the self-reliant national economy—which is equipped with a modern technology in a multilateral manner—on this land.

Today, our country has prepared a strong heavy industry [kangryokhan chunggongop] centering on the machine manufacturing industry, a powerful light industry [wiryokhan kyonggongoop], and a dynamic agricultural production foundation [tuntunhan nongopsaengsan todae]. As a result, it has emerged as a socialist industrial state that can easily manufacture anything it wants.

Under the banner of socialism, we can vigorously accelerate the socialist construction today without changes in any complicated situations. This is because we have outstandingly prepared the self-reliant national economic foundation. It is more important to firmly adhere to the self-reliant national economic construction line than ever before. All functionaries and working people should strengthen the country's economic might by continuously and thoroughly implementing the self-reliant national economic construction line and further glorify the popular mass-centered socialism of our own style by significantly enhancing the people's standard of living.

Daily Views Increasing Role of Party Members

SK0110133594 Pyongyang NODONG SINMUN in Korean 27 Aug 94 p 1

[NODONG SINMUN 27 August editorial: "Let's Further Enhance the Leading Roles of Party Members!"]

[FBIS Translated Text] Today, our people are more vigorously accelerating the onward march of our style of socialism, upholding the great leader Comrade Kim Il-song's last wishes. Standing at the head of this struggle are the members of the Workers' Party of Korea [WPK].

Although the respected and beloved leader Comrade Kim Il-song has left us, the precious titles of the Workers' Party members, which the leader gave them, are deeply kept in the burning hearts of our party members. With the noble understanding that they are the members of the party of the great Comrade Kim Il-song, all WPK members should wonderfully play their leading, key roles in accomplishing the revolutionary cause, thereby fulfilling their honorable mission and duties.

The dear leader Comrade Kim Chong-il has indicated [chijok hasiotta]: "Under any adverse circumstance, party members should serve as vanguard warriors, fortresses, and shields, resolutely defending and safeguarding the party and the leader [suryong]."

For us, the title of member of the glorious WPK is more honorable and precious than any other.

Shining in the title of party members is the political life that the respected and beloved leader Comrade Kim Il-song has given us. Therein exists the boundless trust and expectation of the party and the leader [suryong] in our party members. Upholding the respected and beloved leader's last wishes, and playing leading roles, is a natural duty of these revolutionary warriors. It means brilliantly putting into practice the pledge they made before the leader's departed spirit.

At the moment, before our party and people lies the heavy and honorable task of accelerating socialist construction in conformity with the respected and beloved leader Comrade Kim Il-song, thereby adding luster to our style of socialism and accomplishing the revolutionary cause of chuche to the end. Every party member ought to always stand at the head of the struggle to carry out this task.

A party member is a revolutionary and vanguard warrior who has joined the party after making a pledge before the party banner to devote himself to the victory of the revolutionary cause of chuche and the socialist cause. As a conscious vanguard warrior, the honor of a party member lies in displaying boundless devotion and a self-sacrificing spirit in the struggle to accomplish the party's cause; the rewarding life of a party member, who has ever-lasting political life, lies in rendering his loyalty to his leader [yongdoja] to the end, while completely depending upon the party for his fate and sharing his joys and sorrows with the party.

When party members are seething and vigorously marching forward, all people seethe, and the entire nation spreads its wings of innovations; when party members serve as the standard bearers of assault with burning hearts of loyalty, endless upsurges take place in today's onward march.

The struggle to more firmly consolidate our single-hearted unity around the dear leader Comrade Kim Chong-il, and to resolutely defend and safeguard our style of socialism with this might, demands that party members should play their key, leading roles more wonderfully than ever before.

The singlehearted unity of the party and the revolutionary ranks is a crystallization of the loyalty and filial piety to the party and the leader [suryong]. If all party members firmly prepare themselves as genuine chuche-type revolutionaries who are endlessly loyal to the party and the leader [suryong], and inculcate and firmly rally the masses around the party, our party's combat power will be incomparably increased and our singlehearted unity will be consolidated as a rock. When all party members inculcate and lead the masses, while preparing themselves as revolutionary vanguard warriors—in the way one man inculcates and brings ten people to action, then ten brings in one hundred, then one hundred brings in one thousand—the blood ties between the party and the masses will be extraordinarily strengthened, and we will be able to quickly accelerate the revolution and construction with this might.

Today, our party trusts in the party members' endless loyalty to the party and the revolution to uphold the great leader's last wishes; to resolutely defend and safeguard the cause of our style of socialism; and to accomplish this cause to the end. The party pins great expectations on the self-sacrificing spirit and leading roles of party members.

Going through fire and water at the call of the party and the leader [suryong] is the traditional struggling spirit of WPK members. Historically, WPK members have always been loyal to the call of the party and the leader [suryong], and have wonderfully played leading roles in advancing the revolutionary cause of chuche.

During the rigorous fatherland liberation war, when the great leader Comrade Kim Il-song called all people to the sacred war to annihilate [kyokmyol] the enemy, those who turned out in high spirits holding bayonets at the head of the life-and-death battle were Workers' Party members; when the respected and beloved leader called our people to post-war rehabilitation, construction, and the socialist revolution, those who served at the head of the masses as standard bearers of the struggle, bracing themselves for the struggle, were Workers' Party members.

WPK members should deeply keep in their hearts the high loyalty they have displayed at every stage of the rigorous hardships in our revolution; they should further inherit and develop such a precious tradition in today's struggle.

All WPK members should endlessly glorify the precious title of party member, which the great leader Comrade Kim Il-song gave them, in the sacred struggle to accomplish the cause of our style of socialism, upholding the dear leader Comrade Kim Chong-il.

We WPK members, loyal revolutionaries of the party and the leader, should be deeply aware of our noble historical mission before history, and vigorously accelerate socialist construction firmly united around the dear comrade leader, thus once again displaying our party's might.

Above all, all party members should play their key, vanguard role in upholding the great leader [widaehan yongdoja] Comrade Kim Chong-il with loyalty.

Loyalty to the party and the leader is the foremost life of party members and their noblest revolutionary duty. Us party members have been brought up learning the truth of the revolution in the bosom of the party, and have the title of party member thanks to the party's high trust. Without the party's and the leader's confidence and consideration, we cannot imagine the noble political life or refer to the high honor and happiness us party members enjoy today. Since party members are the vanguard fighters of the revolution, having the noblest political life, the level of our loyalty and dutifulness to the party and the leader should be higher than anyone else's.

Us party members have all firmly pledged before the bier of the great leader that we will uphold the dear comrade leader with utmost loyalty and dutifulness to him. Us party members should become the vanguard fighters to resolutely defend and protect the dear comrade leader wherever we are and whatever we do, and become the standard bearers realizing the party's cause. All party members should have the thorough revolutionary outlook of the leader, should deeply cherish absolute reverence to the dear comrade leader, and should have the ideological resolve to share the party's destiny to the end, whatever adversity they may fall into.

Us party members should have firm faith that we will certainly be victorious when we follow the leadership of the dear comrade leader, and highly display the ethos of absolutely carrying out anything the party recommends. The revolutionary resolve and spirit of struggle to share life, death, and destiny with the party is displayed not only in the stern times of the resolution but in the battle ground for determining life and death. It is also displayed in daily work and life. One who works and lives according to the party's ideology and will, whether or not someone sees him, is truly loyal to the party and the leader. Us party members should truly follow and uphold the party and the leader with a clean conscience and fidelity on a routine basis. Thus, rain or shine, everyone should always and consistently add luster to his life from the position of upholding the dear comrade leader's ideology and leadership.

Party members should also become vanguard fighters in responsibly carrying out the revolutionary duties entrusted to them, and in accelerating socialist construction.

The way for party members to do their utmost with loyalty and dutifulness to the party and the leader is to carry out the work responsibly entrusted to them. The jobs entrusted to us party members vary between individuals, but they are all honorable revolutionary duties to realize the ideas and intent of the party and the leader. Us party members should faithfully carry out the revolutionary duties entrusted to us with the self-awareness of the revolution befitting a master, with a high sense of responsibility, and with endless devotion and an indomitable spirit of struggle, devoting oneself to the revolution.

Us party members should devote all our wisdom and energy to the work of implementing the programmatic teachings which the great leader gave our sectors and units during his lifetime.

He who solves the problems which the great leader wished solved during his lifetime, displaying a high sense of devotion in a timely manner via practical actions, is the real loyalist and true party member. With a sense of guilt that they could not give the respected and beloved great leader greater pleasure during his lifetime, all party members should struggle, devoting all they have to realizing the leader's ideas and intent to the end.

In particular, party members in the electric power industry, metal industry, coal industry, railway transportation, cement and chemical fertilizer production, and shipbuilding sectors should all the more enhance their responsibility and spirit of self- sacrifice. Party members in these sectors should excellently implement their roles in the struggle to create new miracles and innovations, always bearing deep in mind the great leader's teachings.

To struggle with the revolutionary spirit of self-reliance and fortitude is the only way to overcome the difficulties we are faced with today, and to defend and glorify socialism. All party members should bravely overcome trials and difficulties at the front of the masses, with the revolutionary spirit of self-reliance and fortitude and with an iron will, and responsibly implement without fail all tasks assigned to them with their own strength.

Party members should also become a mirror of the masses in all aspects of work and life, leading them by personal example.

The exemplary behavior of party members has a greater influence than hundreds of words in indoctrinating and leading the masses. Party members should lead the masses by practice, not by word of mouth. Without setting examples, we cannot imagine the honor of party members, nor can we talk about their duty as standard bearers of the revolution and as educators of the masses. Party members should take the initiative in doing difficult and hard jobs; should make their words be in accordance with their deeds; and should set examples for the masses in all aspects of work, life, labor, and study.

Party members should always be humble, modest, clean-handed, and incorruptible. Only when they have humble, modest, clean-handed, and incorruptible traits, can they go with the masses and win social respect and love. Party members should always act in a humble and polite manner, and should live modestly in accordance with the demand of a socialist lifestyle. By doing so, they should be a mirror and model for the masses in all aspect of work and life.

Party members should efficiently manage their lives in party organizations in order to implement their role as a vanguard.

Party life is a furnace for ideological training, as well as a school for revolutionary indoctrination. Only when party members are successful in their party lives, can they season their party- oriented traits and endlessly glorify their political lives.

Party members should always remember the pledge they made when they entered the party, and completely keep it. The pledge of party entrance is the pledge of faith to share one's life with the great leader, the creator and leader [yongdoja] of our party, and with the dear comrade leader. It is also a pledge of perfect purity, expressing the will to devote all one has to the party and the revolution. Party members should always remember the great trust of the party and the leader who bestowed precious political life to each of us. They should also have a correct position and attitude toward party organizations, enabling them to establish blood relations with the leader [yongdoja], and leading them to glorify their political lives. By doing so, they should love and respect party organizations, and should work and live based completely on party organizations.

In order for party members to brilliantly implement their core and vanguard role, it is important to enhance the role of party organizations.

In particular, party cells should well organize and lead the party life of party members.

A party cell is a strong point in the party members' party life and a basic unit that organizes and leads party life. Without exception, party members belong to the party cell to carry out their party life and to conduct their political and revolutionary activities. Under the slogan put forth by the dear leader Comrade Kim Chong-il "Let all party cells become cells of loyalty," party cells should more vigorously carry out the work of bringing up party members to be chuche-style revolutionaries, boundlessly loyal to the party and the leader. All party cells should intensify this movement onto a higher plane, based on the successes and experiences they attained in the past, to create loyal party cells. In particular, they should scrupulously carry out the guidance for the party members' party life in such a way that the process of party life becomes the process of carrying out the revolutionary task so that a new revolutionary upturn may result as party members carry out the revolutionary task.

Party organizations at all levels should enhance their function and role in every way in conformity with the demand of today's reality, and should conduct the work with people and the work with party members in a new and striking manner so the loyalty and revolutionary zeal of party members may be highly displayed in socialist construction.

There is no more glorious and rewarding thing for party members today than to launch ourselves into the struggle to defend, adhere to, and add luster to the cause of our style of socialism, upholding the great leader's will during his lifetime and carrying out the vanguard role in the struggle.

All party members should more highly display boundless loyalty and devotion to the party and the leader so they can become vanguard fighters in the struggle to endlessly add luster to their noble titles of WPK members, and to complete the chuche revolutionary cause.

Unity Between Guidance, Masses Stressed

SK0310120094 Pyongyang NODONG SINMUN in Korean 27 Aug 94 p 2

[Article by Cha Sok-won: "Unity Between Guidance and the Masses Is Intrinsic to the Demands of the Socialist Movement"]

[FBIS Translated Text] The dear leader Kim Chong-il has indicated: In particular, unity between guidance and the masses is an important matter in the communist and revolutionary movement that the broad popular masses are carrying, including the working class.

Unity between guidance and the masses is also an important matter that determines the destiny of the socialist cause.

In carrying out the socialist cause, unity between guidance and the masses is, in essence, the matter in which the popular masses are led by the party and the leader [suryong], as well as the matter in which the leader [syrong], the party, and masses become a harmonious whole [honyonilche].

The socialist cause is the revolutionary cause the popular masses themselves carry out for the first time in mankind's history, emerging as chuche independence.

The popular masses is the chuche that leads a socialist society. Only under the leadership of the party and the leader [suryong], can the popular masses play their role as an independent chuche of the revolution, as well as successfully accelerate the socialist construction.

Because the socialist society is an organized society based on collectivism, it can never spontaneously pioneer its own road, but can be led by a correct leading ideology and scientific strategy and tactics. Also, its superiority can be fully displayed, as well as constantly consolidated and developed only if the working popular messes' political awareness and organizational nature are enhanced. The leader [suryong] and the party of the working class can carry out the work to present the correct leading ideology and the scientific strategy and tactics for the popular masses and to have them become conscious and organized.

The leader [suryong] is a center of the unity and cohesion that has the popular masses unite as a political force by making them conscious and organizational, as well as a center of the leadership that victoriously leads the revolutionary struggle with scientific theory and strategy and tactics. Also, the leader [suryong] is the great leader [yongdoja] of the revolution, who has an extraordinary wisdom, outstanding leadership ability, and lofty virtues to more thoroughly safeguard the popular masses' independent demands and interests and to wisely lead a struggle for their realization. For the people, there is no greater fortune than receiving leadership from the leader [suryong]. Historic experience in the socialist construction shows that the popular masses' revolutionary cause can victoriously advance along the right road in any difficult and complicated conditions only when it is led by the leader [suryong], but, if not, it will go through many twists and turns, as well as, in the later, the revolutionary feats the masses gained through a protracted and bloody struggle will be taken over by enemies with the socialist collapse.

The leadership of the leader [suryong] can be achieved by the party of the working class. The party of the working class is a vanguard unit made up of advanced elements of the working popular masses, as well as the general staff of the revolution that leads the struggle to achieving the popular masses' independence.

The popular masses can vigorously advance along the single road of socialism only under the party's leadership. We cannot think about the victorious advance of the socialist cause apart from the party's and the leader's [suryong] leadership for the popular masses.

In revolutionary struggles and socialist construction, the roles of the leader [suryong], the party, and the masses are always united in one. As the masses cannot become the independent main forces of history without the leadership of the party and the leader, the party and the leader [suryong] cannot become the political leader [yongdoja] of history without the masses.

Firm unity of the leader, the party, and the masses in one blood- tie is the essential demand of the development of a socialist society.

A socialist society is a society where the popular masses are the masters. It is developed by the creativity of the popular masses who are united and joined as one. When the broad popular masses wage the struggle with the firm unity around the party and the leader while bearing high self-consciousness and ability as the master, the essential character of socialist society, which is differentiated from all exploitative societies, is formed, and the development of socialism is propelled.

When the party of the working class are deeply rooted among the popular masses and supported and trusted by them, the socialist cause will stay unshaken in any arduous trials and be ever- victorious. However, if the party and the masses fail to unite and cohere, socialism will lose the mighty thrust of development and the solid social political basis, and eventually collapse after failing to overcome the antisocialist offensives of the imperialists and reactionaries.

The socialist cause is an arduous and complicated work that advances amid acute confrontation with the imperialists. The firm unity and cohesion of the party and the popular masses is the fundamental guarantee for solidifying the socialist position by strengthening the main forces of revolution, and the decisive factor of the victory or failure of the socialist cause. If we only have the might of the unity and cohesion of the party and the popular masses, we can break through any complicated and hard trials and difficulties, and break [ttaeryo pusilsu] any strong enemy.

The correctness of the fact that unity between the guidance [chido] and the masses is a serious question concerning the destiny of the socialist cause has been clearly proved through revolutionary practices.

An important reason of the collapse of parties and the fall of socialist systems, which had seized power through arduous revolutionary struggles and built up socialism for some tens of years, is because the unity of the guidance and the masses was not properly solved.

Achieving unity of the guidance and the masses was important in the pioneering period of the socialist cause. It is more important at the time of the succession of the socialist cause.

When we have the distinguished leader [chidoja], who has the complete qualification and traits to brilliantly consummate the cause of the leader [suryong] who first pioneered the road of the revolution, in the front, and unyieldingly continue the tradition of the unity and cohesion of the party and the popular masses, the socialist cause will find its bright future. However, some countries, which had built socialism in the past, faced twists and turns in socialist construction because they had failed to properly solve the question of the succession of the leadership. Afterward, the party's leadership was turned over to the traitors of revolution, and the gains of socialism that had been won by blood were lost.

Over the past years, some countries that were building socialism failed to develop the communist theory and to formulate correct lines and policies based on it in conformity with the demands of the new developmental stage of socialism. This is an inevitable consequence of their failure to properly resolve the issue of inheriting the political position and role of the leader [suryong]. If those countries had properly tried to resolve the issue of upholding the superior leader [chidoja], who is loyal to the socialist cause and the people and who has ability; the issue of organizationally and ideologically strengthening the party ranks; the issue of strengthening the popular mass-oriented foundation; and the problems in party building and construction, tragic situations would not have occurred in which the party falls apart and in which socialism collapses. The historic lesson shows that we should properly resolve the issue of unity between guidance and the masses, and the issue of succeeding the leadership, in order to endlessly consummate the socialist cause.

Today our people are taking pride in becoming dignified people, who brilliantly resolved the issue of unity between guidance and the masses—the issue of succeeding the leadership—as well as the happy people who enjoy the good fortune of the leader [suryong] generation after generation, upholding the dear leader Comrade Kim Chong-il at the forefront of the party and the revolution.

Comrade Kim Chong-il, for whom all of our people revere with their boundless feeling of admiration, is the great leader [yongdoja], who has brilliant wisdom, outstanding leadership ability, and lofty virtues.

In fact, our people's socialist construction was carried out under immeasurable ardent and stern circumstances, considering an objective condition and circumstance in which the socialist construction is carried out. The trials and difficulties our people overcame—who built socialism under the circumstances in which our country is divided, directly confronting with heads of the world imperialist reactionaries—were very ardent.

Our country, with a small territory and population, was able to firmly adhere to the socialist banner in the most sharp confrontation against the imperialists.

This is because it upholds the dear comrade leader, who is the most prominent leader [yongdoja] of the socialist cause at present.

By upholding the dear comrade leader and by receiving leadership from him, our people were able to effect new upsurges and turns in all fields, including politics, economy, culture, and military affairs. Also, they were able to demonstrate their dignity and courage as the revolutionary people, who firmly safeguard socialism without the slightest deviation in the stern situations in which capitalism has returned in some countries because of the imperialists' plots.

The proud victory and success our people gained in a struggle to consummate the chuche socialist cause are united with the dear comrade leader's esteemed name. Today, our people are cherishing deep in their hearts the firm faith and will that the chuche socialist cause will be sure victories as long as the dear comrade leader exists and are overflowing with a resolution to vigorously fight for it, firmly uniting forever around the party and the leader [suryong].

South Korea

DPRK Delegation Spokesman on Geneva Talks

SK0110002894 Seoul YONHAP in English 0011 GMT 1 Oct 94

[FBIS Transcribed Text] Geneva, Sept. 30 (YONHAP)—The United States and North Korea held a working officials' meeting Friday at the North Korean mission here and discussed specific ways of resolving their differences over Pyongyang's nuclear program.

North Korean delegation spokesman Ho Chong told reporters, "For now we wouldn't define the current talks as epoch-making, but our delegation has been doing its best to resolve the issues through reasonable means. We expect that an early breakthrough will be achieved."

The spokesman denied speculation that no substantial progress is expected in the Washington-Pyongyang nuclear talks until Kim Chong- il formally becomes state president. "(Our) leader Kim Chong-il has for the past 20 years led the party, state, military and diplomacy, and expressed deep interest in the Geneva talks."

In an earlier telephone conversation, a North Korean mission official confirmed the working officials' meeting was taking place. As to when the two countries' chief delegates will meet again, however, he replied, "no date has yet been fixed."

Chief U.S. negotiator Robert Gallucci told a press conference Thursday that after consultations with his home government, he would return to Geneva on Oct. 5 to meet again with his North Korean counterpart Kang Sok-chu.

Articles View Recent U.S.-DPRK Geneva Talks

SK3009142694

[Editorial Report] The following is a compilation of articles published in ROK vernacular dailies on 30 September on the U.S.-DPRK talks recently held in Geneva.

The conservative CHOSON ILBO carries a 900-word article by Geneva-based correspondent Cho Yong-taek. The article reports that, since the United States and North Korea "failed to narrow their differences during the recent talks," the "cooperative atmosphere between the two countries created with the 12 August agreement has retrogressed." After explaining both sides' demands and positions on various nuclear issues, including the light-water reactor and nuclear inspections, the article states: "The deployment of the U.S. aircraft carrier Kitty Hawk in the East Sea [Sea of Japan], and U.S. Secretary of Defense William Perry's warning toward the DPRK, made the U.S.-DPRK talks more difficult."

The article welcomes North Korea's "clear expression of its willingness to continue dialogue" despite the U.S. warning, and anticipates the U.S.-DPRK talks will be concluded in mid- or late-October, with U.S. off-year elections and Kim Chong-il's presidential inauguration lying ahead.

The moderate HANGUK ILBO carries on page 5 a 900-word article by Geneva-based correspondent Han Ki-bong. The article offers an objective description of the difficult situation with regard to the U.S.-DPRK talks, noting: "The sequence and presuppositions of the pending nuclear issues are so complicated that the two sides will have technological problems in reaching a partial agreement." The article then points out that "only the DPRK's political will and decision" will solve the problems, and expects "the DPRK will make a final decision after Kim Chong-il officially takes office."

The moderate KYONGHYANG SINMUN carries on page 3 a 1,200-word article by Geneva-based correspondent Son Tong-u. It analyzes: "Considering the recent talks with the United States are at a preliminary stage, the DPRK has intentionally delayed concluding the talks because it wants to give Kim Chong-il a political gift by concluding an agrrement around mid-October when he is likely to succeed to the presidency."

The article adds: "North Korean chief delegate Kang Sok-chu's change in position in cognizance of domestic hard-liners resulted in the rupture of the talks." The article concludes by assessing that the nuclear talks have not yet been completely ruptured, which is a "a small success" that serves as "live coal to maintain dialogue."

The moderate CHUNGANG ILBO carries on page 5 a 900-word article by Geneva-based correspondent Ko Tae-hun. The article reports that the "dramatic agreement" to resume the talks in October, which was reached between the DPRK and the United States at the end of the talks on 29 September, the last day on the itinerary, shows the DPRK's active attitude toward resuming the talks, "indicating the possibility Pyongyang will make concessions to a certain extent." Noting that North Korea's "strong position not to accept an ROK-style light-water reactor considerably loosened during the last round of talks," the article reports: "It has been learned the DPRK has tacitly accepted U.S. persuasion that there is no alternative but an ROK-style light-water reactor in light of financial and technological problems."

The article notes, however, that "it is difficult to expect optimistic results in future talks."

North Shows 'Flexibility' in Special Inspections

SK0110072494 Seoul CHUNGANG ILBO in Korean 1 Oct 94 p 1, 3

[Report by correspondent Kang Yong-chin from New York]

[FBIS Translated Text] It was learned on 1 October that during the third round of North Korea-U.S. high-level talks held in Geneva, North Korea showed some [yakkanui] flexibility regarding the timing of the implementation of the special inspections to examine its past nuclear suspicion.

Such flexibility shown by North Korea is something new and is pointed out as the reason that North Korea and the United States continue talks despite differences in major points of dispute, such as the choice of the ROK-model light-water reactors, the timing of the implementation of special inspections, and the transfer of fuel rods to a third country.

Meanwhile, Foreign Minister Han Sung-chu, who is attending the UN General Assembly, talked with U.S. Secretary of State Warren Christopher in New York on the afternoon of 30 September (morning of 1 October Korea time) with U.S. nuclear ambassador Robert Gallucci attending [title as published]. They evaluated the third round of North Korea-U.S. high-level talks in Geneva, including North Korea's new proposals, and discussed measures.

Regarding the timing of the implementation of a special inspection of two unregistered facilities in Yongbyon, a diplomatic source in New York informed on the Geneva talks said that day that during the Geneva talks, North Korea somewhat relaxed its basic position that the special inspection would be allowed only at the time of completion of a light-water reactor. Thus, North Korea expressed "the will to receive the inspection at an appropriate time when the offer of light-water reactors is guaranteed even before the project is completed."

He noted that this is the only new proposal presented by North Korea at this time. He stressed, however, that "both the ROK and the United States are continually maintaining the position that special inspections of unregistered facilities should be completed before the construction of light-water reactor begins, at the latest."

He added, however that "since North Korea is showing flexibility and both North Korea and the United States wanted success in talks, they did not rupture [kyollyol] the talks," thus suggesting the possibility for them to find a compromise point [tahyopchom] during the next negotiations.

Use of North Labor for Building Reactor Proposed

SK0310054994 Seoul HANGUK ILBO in Korean 3 Oct 94 p 1

[FBIS Translated Text] It was learned on 2 October that the government had decided to make maximum use of the North Korean labor force and their building materials in the construction of the Korean model light-water reactor in order to soften North Korea's stance of refusing to accept a Korean-model reactor.

This decision by the government stems from the assessment that it can dispel North Korea's concern on social unrest resulting from the influx of South Korean manpower and materials to build the light-water reactor, and that it can minimize the financial burden of concerned countries—such as the ROK, the United States, and Japan—by having North Korea provide its own labor in the project.

The projected construction cost to be shared by an international consortium which includes the ROK, the United States, and Japan, will decrease from a total $4 billion to $3 billion or $3.4 billion, a reduction of $1 or $0.6 billion, if North Korea positively participates in building the light-water reactor.

Regarding this, a concerned government official stated that "in order to create an atmosphere in which North Korea can accept the Korean-model reactor, the government decided to maximize the use of North Korean labor and construction materials such as gravel and sand and to send only the necessary personnel for construction of the light-water reactor, such as construction designers and management supervisors .

The government will convey such plans to North Korea via the U.S. side at North Korean-U.S. high-level talks, which will resume after 5 October, again urging North Korea to accept the Korea-made model reactor.

In addition, if North Korea continues to express dissatisfaction with the term "Korean model," the government plans to convey to North Korea via the U.S. side during the North Korean-U.S. talks, that it will not insist on the term.

It has been learned that the government and the United States are holding concrete discussions regarding the nuclear technology that can be transferred to North Korea in the name of use for peaceful purposes, in response to North Korea's request for the transfer of nuclear technology for the construction of a light-water reactor.

South Urged To Be Prepared for Reunification

SK0310011094 Seoul YONHAP in English 0056 GMT 3 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 3 (YONHAP)—Prime Minister Yi Yong-tok urged Monday North Korea to guarantee the transparency of its nuclear activity and clear up international suspicion over its nuclear development program in order to become a responsible member of the international community.

In an address at a ceremony marking the 4326th anniversary of the nation's founding in Sejong Cultural Center, Yi said the North must now show change in its attitude for promoting inter-Korean reconciliation and cooperation, discarding the anachronistic attitude of confrontation and antagonism.

"We should be fully prepared for national reunification so that we can be ready to meet the reunification, regardless of when and how it falls upon us," he stressed.

Attending the ceremony were over 4,000 citizens and students, including government and civic leaders.

In the Sajik Park, memorial services for Tangun, the nation's founder, were held, while folk music and other festive programs were held in celebration of the day across the country.

President Reiterates Need for N-S Contacts

SK0110030694 Seoul YONHAP in English 0229 GMT 1 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 1 (YONHAP)—President Kim Yong-sam has reiterated the need for early inter-Korean contacts to discuss dispersed families, arms control and joint projects for national development.

In a speech commemorating the 46th anniversary of Armed Forces Day Saturday, Kim stressed that Seoul is willing to offer capital and technology to North Korea if Pyongyang guarantees its nuclear transparency and decides in favor of openness and reform.

During the ceremony, which took place at Seoul airport near the capital, the president recalled his proposal made on Liberation Day (Aug. 15) for South-North Korean joint projects to achieve national development.

"The sooner the South and the North resume dialogue to enable dispersed families to be reunited, to enforce joint arms control in order to build military trust and to work out joint projects for national development, the better it will for all of our people, " the president said.

He asserted that all Koreans must pool their energy to develop an advanced industrial society by taking advantage of the complementary characteristics of the South and North Korean economies.

"When the two halves of this land are reconciled and have pulled together, our economy will be the hub of a powerful world cultural and economic center linking Korea with Japan, China and Russia," he said.

Kim warned North Korea must realize that engaging in an arms buildup and nuclear weapons development will in no way contribute to peace on the peninsula, not to speak of the maintenance of its own power, urging Pyongyang to discard its wild and futile dream of unifying Korea under communism.

Pointing out that the North Koreans are making a grave miscalculation if they believe they can solve all of their problems by developing atomic weapons, Kim noted that implementation of the joint declaration on denuclearization of the Korean peninsula is indispensable to preserving the peace.

While emphasizing national unification based on free democracy, Kim said the best path is to build a national community designed to allow democracy to blossom throughout the Korean peninsula.

"There will be no winners or losers in this unification process, which is the only road for the Korean people to travel together," he said.

He then urged the construction of a basis for peace and national unification. "Anyone threatening peace must be punished in the name of the entire Korean people."

To this end, the country should achieve an ethical society in which justice and public welfare flourish: a second economic leap: balanced development among different classes, regions and generations: dissolution of internal division and discord: launching of pan-national reform of the people's way of life: and self-restraint on collective selfishness.

Terming the members of the Armed Forces as the ultimate champions of peace, freedom and democracy, Kim urged them to maintain an invincible defense posture to bolster peace and unification efforts in response to all Koreans' fervent yearnings.

'Subversive' Leaflets Scattered in Seoul 1 Oct

SK0110001494 Seoul KBS-1 Radio Network in Korean 2330 GMT 30 Sep 94

[FBIS Translated Text] At dawn today, about 200 subversive leaflets expressing condolences on the 100th day of Kim Il-song's death and slandering our government were scattered in the area of Banpo Apartment in Kangnam-ku, Seoul. The police began an investigation.

Witnesses on the spot, including apartment guards, said that subversive leaflets fell from the sky above the Chugong Apartment area in Banpo Pondong and Hyosong Villa in Banpo 4 Dong at 0200 in the morning. The police collected 180 subversive leaflets of two different kinds.

Seoul Source on Kim Chong-il's Assuming Power

SK0310080294 Seoul YONHAP in English 0706 GMT 3 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 3 (YONHAP)—Kim Chong-il is expected to assume the posts of state presidency and party general secretary at an opportune time after Oct.15 when the 100-day period officially set to mourn the death of Kim Il-song ends, according to a government source Monday.

"Rumors are that Kim Chong-il will officially take over the state presidency and party general secretary after the 100-day mourning period ends, possibly on Oct.18, at the end of October or early November," said the source. "The most possible scenario, at the moment, is that Kim Chong-il will take over power at the end of October."

He said he understood that about 30 pro-Pyongyang people living in foreign countries will visit Pyongyang on Oct.15 to attend a ceremony to commemorate the 100th day of Kim Il-song's death.

He, however, dismissed as groundless the report that Kim Chong-il will take over the state presidency and party general secretary at the same time as the ceremony on Oct.15.

"We cannot but consider that something must have gone wrong in the process of power transfer in the North if Kim Chong-il does not take over power during this month," said the source, adding that the government has come up with measures to cope with every possibilities in connection with the power transition in the North.

He also said that cholera has been spreading in North Korea and that the outbreak of the highly contagious disease has also been reported in Pyongyang.

Mid-Oct Kim Chong-il Inauguration 'Probable'

SK0110040594 Seoul HANGYORE SINMUN in Korean 1 Oct 94 p 3

[Report by Chong Yon-chu from Geneva]

[FBIS Translated Text] It is most probable that North Korean party Secretary Kim Chong-il will officially assume power around mid-October. This was confirmed by Kim Un-ha, cochairman of the North America-DPRK Friendship Association in the United States and president of SINHAN MINBO [pro-DPRK Korean vernacular newspaper in the United States]. In a press statement released on 29 September, Kim Un-ha stated: "The North America-DPRK Friendship Association and the Federation of Korean Businessmen in the United States have decided to send a delegation of Koreans in the United States to the South-North joint memorial service on the 100th day of Kim Il-song's death to be held in Pyongyang on 15 October and to Secretary Kim Chong-il's inauguration as president and general secretary of the party."

Meanwhile, in a telephone interview with HANGYORE SINMUN on the same day, Kim Un-ha stated: "The date of Secretary Kim Chong-il's presidential inauguration has not yet been decided. In answer to our application for the Pyongyang visit to participate in the memorial service on the 100th day of President Kim's death, however, North Korea requested us to extend congratulations on Secretary Kim Chong-il's inauguration." He continued: "In light of this, it seems certain that Secretary Kim Chong-il will take office as president and general secretary of the party after the memorial service." Kim Un-ha said that this is the reason he used the expression of "Secretary Kim Chong-il's inauguration as president and general secretary of the party" in the 29 September press statement.

Kim Un-ha also said he had sent an official document acceding to North Korea's invitation and that some 30 members of the North America-DPRK Friendship Association and the Federation of Korean Businessmen in the United States will enter Pyongyang around 11 September.

Foreign Minister Meets With U.S.' Christopher

SK0110005694 Seoul YONHAP in English 0042 GMT 1 Oct 94

[FBIS Transcribed Text] New York, Sept. 30 (YONHAP)—South Korea and the United States said Friday they cannot make any compromises unless North Korea promises full transparency in its suspicious nuclear program.

Foreign Minister Han Sung-chu and U.S. Secretary of State Warren Christopher, meeting here during the 49th U.N. General Assembly session, emphasized that North Korea must withdraw its threat to reload fuel into its nuclear reactor.

This is the basis for the United States continuing high-level negotiations with North Korea, they noted.

The meeting took place as nuclear talks between Washington and Pyongyang went into recess after a week-long stalemate. The two sides remained apart on the type of light-water reactor to be given to North Korea, the disposition of the 8,000 fuel rods taken from Pyongyang's 5-megawatt reactor and resumption of inter-Korean dialogue.

Officials said Han and Christopher reconfirmed they cannot provide light-water technology unless transparency is guaranteed in North Korea's past, present and future nuclear activities.

They also confirmed that Seoul must be the central supplier for the project and that inter-Korean dialogue has to proceed in tandem with Washington-Pyongyang rapprochement.

Insiders said the two officials took up the possibility of referring the situation to the international community, probably the United Nations, if the U.S.-North Korea nuclear negotiations resuming Oct. 4 fail to produce results or of making another stab at dialogue after a short hiatus.

Han sought Beijing's support in trying to resolve the nuclear dispute when he met Chinese Foreign Minister Qian Qichen earlier in the day.

Han asked China to exert its influence so that Pyongyang will be more receptive at the nuclear talks with the United States, the officials said.

The South Korean foreign minister took issue with Beijing's recalling of its representatives to the Korean Military Armistice Commission, pointing out that the move was ill-timed and may send the wrong message to North Korea.

He was firm in insisting that the armistice pact must be honored until a new peace mechanism is established.

In response, Qian urged efforts for a peaceful solution to the nuclear problem, recommending dialogue, the officials said.

He reiterated that China has not changed its mind about the Korean Armistice Agreement remaining in effect, they said.

Han Says 'No Room' for Flexibility With DPRK

SK0310010494 Seoul YONHAP in English 0052 GMT 3 Oct 94

[FBIS Transcribed Text] New York, Oct. 2 (YONHAP)—South Korean Foreign Minister Han Sung-chu, now on a visit to the United Nations headquarters here, said Sunday afternoon the recent U.S.-North Korea high-level talks in Geneva did not head for a catastrophic crisis though the two countries widely differred on some major issues.

While talking with a group of Korean correspondents accompanying him to the tour, Han said he is neither optimistic nor pessimistic about the future of the Washington-Pyongyang talks that resume on Oct. 5.

Saying that South Korea and the United States had shown as much flexibility as possible with respect to such vital issues as special inspection, nuclear freezing and adoption of Korean-model light- water reactors, the minister said, "at the moment, there is no room for any further flexibility in our part."

As to the time of special inspection, Minister Han said "our Maginot line is that inspection aimed at looking into North Korea's past nuclear activities should be made by all means before we extent support for light-water reactors."

Such inspection is "indispensable" either from technical or legal point of view, Han noted.

He said that though North Korea is negative toward adopting South Korean-model light-water reactors, Pyongyang too is fully aware that objectively seen there would be no choice but to use the South Korean model.

North Korea, the minister added, has showed different attitudes over the reactor issue as it has gone through several meetings.

Asked if North Korea had been assured of support for light-water reactors, Han said, "we have not yet arrived at a point where we can discuss such a matter."

The minister also said chief U.S. negotiator Robert Gallucci returned to Washington not because North Korea advanced a new offer and there was the need to consult on it with his home government.

"The Geneva talks simply needed some adjournment as the two countries ran parallel over some major questions," Minister Han said.

KOTRA Plans To Establish North Trade Center

SK0110095794 Seoul YONHAP in English 0946 GMT 1 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 1 (YONHAP)—The Korea Trade Promotion Corp. (KOTRA) is internally preparing to set a trade center in Pyongyang to cope with an expected full-scale inter-Korean economic cooperation after blocked relation between Seoul and Pyongyang is settled.

Pak Yong-to, president of the KOTRA, said at the National Assembly inspection that the move is for attracting South Korean companies' investment in the North and supporting them.

"The full-scale economic cooperation will be possible only after the North Korean nuclear problem is solved in any form and the guarantee measures following investment are prepared through inter- Korean talks," Pak said.

He said that "Investment of western firms in North Korea is limited unless the nuclear problem improves, as investment risk is high."

Pak disclosed that "a total of 144 foreign companies invested a total of 150 million U.S. dollars in the North from 1985 to 1993, " adding "almost all were firms related to the Chochongnyon, pro- Pyongyang Federation of Korean Residents in Japan, and about 70 companies are now in operation."

Ten Firms Reportedly Contact North on Project

SK3009064194 Seoul MAEIL KYONGJE SINMUN in Korean 30 Sep 94 p 2

[FBIS Translated Text] Ten domestic enterprises—including Daewoo, Hyundai, Miwon, Lotte, and subsidiaries belonging to the Unification Church—have reportedly made frequent contacts with North Korea to participate in the development of the Mt. Sorak-Kumgang mountains.

In a report submitted to the National Assembly Foreign and Unification Affairs Committee on 29 September during the parliamentary inspection, Kim Yong-il, director of the Exchange and Cooperation Department in the National Unification Board, stated that "the number of enterprises that are now making contacts with

North Korea to promote North-South trade exchange has reached approximately 100. Approximately 10 of these enterprises are now discussing with North Korea the development of Mt. Kumgang."

It has been learned that these 10 enterprises include Daewoo, which has been granted the right to develop the Nampo Industry Complex; Hyundai, which is discussing the development of Wonsan port; Miwon, which is discussing the establishment of a plant to produce spices; Lotte, which plans to build a beverage plant; and enterprises related to the Unification Church, which are now participating in developing Nanjin, Sonbong, and the drinking water business.

The development of Mt. Kumgang is the project to which the North and South should give top priority at the start of the North-South economic cooperation. Therefore, when South-North economic cooperation begins, the Mt. Kumgang development project can be the first one to be promoted. If this project is promoted by linking it with the Mt. Sorak development project, it is believed that it will be the most profitable in the short-run.

UNDP 'Promoting' South Business Trip to North

SK0110130794 Seoul HANGYORE SINMUN in Korean 1 Oct 94 p 1

[YONHAP from Beijing]

[FBIS Translated Text] On 30 September, a ranking Western diplomat in Beijing stated that the UN Development Plan [UNDP] is actively promoting an October visit to the DPRK by a delegation of South Korean businessmen, including the heads of large groups.

According to the diplomat, who asked not to be identified, the UNDP is currently holding intensive negotiations with both South and North Korean authorities regarding the visit to the DPRK by the South Korean business delegation. As both sides are showing a favorable attitude toward this issue, the visit to the DPRK by the South Korean business delegation, including many leaders of large groups, is likely to take place.

North Opens Film Festival With 'Political Aims'

SK0110082394 Seoul YONHAP in English 0447 GMT 1 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 1 (YONHAP)—The Fourth Pyongyang Film Festival, officially titled "The Film Festival of Nonaligned and Other Developing Nations," opened at the International Cinema-Theater in Pyongyang on Monday [26 September].

The festival, held every three years since 1987, is arousing greater interest among North Korea watchers here than any of its predecessors for two reasons: It is the first international cinema show since Kim Chong-il, a renowned film buff, became North Korea's de facto strongman, and the event opened despite the fact that Kim has yet to officially succeed to power, ostensibly because the nation is still in mourning for his father Kim Il-song, who died in July.

Some North Korea watchers say Pyongyang must have opened the festival with "calculated political aims," and North Korea's propaganda media have backed up this view.

In an interview with a member of the festival Organizing Committee aired by radio Pyongyang on Sept. 22, the member said festival participants would be invited on sightseeing tours so they can better understand the nation's situation, according to Naewoe press.

The official North Korea watcher here said this indicates Pyongyang wants to show to the world that despite Kim Il-song's death, the country's political system remains firmly on course as the people are strongly united around Kim Chong-il. Radio Pyongyang also reported there would be picnicking programs for foreign participants at major tourist sites.

Culture and Art Minister Chang Chol, who concurrently serves as president of the festival Organizing Committee, played up Kim Chong- il's enthusiasm for the film industry in an address at the festival's opening ceremony Monday.

"Under the sagacious leadership of our people's great leader, comrade Kim Chong-il, who always shows deep interest in the development of national arts, the art of film has greatly developed," he stressed.

The reclusive country is using the film festival to demonstrate Kim Chong-il's qualifications as a leader who is as great as his deceased father, according to North Korea watchers here.

Moreover, the Fourth Pyongyang Film Festival is viewed as the touchstone of Pyongyang's cinema industry.

North Korean movies in the Kim Chong-il period are likely to put stress on the audience's interest, in addition to the ideological aspect.

After Kim Il-song's death in July, the North produced its first full-fledged three-dimensional film, "When the Trees Put Out Buds," which, according to a North Korean film magazine, provoked great interest among the people.

The North has screened nine new movies since July: Five feature films including "A Soldier Returns to His School," three documentaries including "The Flame of Allegiance," and one children's movie.

Kim Chong-il's interest in movies is usually played up in radio and television programs. According to one such program aired by the central broadcasting station on Aug. 16, he has made 310 trips to the Central Film Distribution Center since he first went there on Aug. 16, 1959, and during these visits he stressed the propaganda role of films in achieving the party's political objectives.

Many North Korea watchers here agree that the Stalinist state is using the film festival to promote the authority of Kim Chong-il, who lacks charisma as a national leader externally, and to prepare for the advent of the Kim Chong-il period internally.

Being screened at the Fourth Pyongyang Film Festival running until Oct. 4 are some 100 motion pictures from over 50 countries, compared with 88 films from 44 nations at the third festival, 80 productions from 50 countries in the second show and 110 works from 110 nations at the first fair.

Plan To Replace Armistice Agreement Studied

SK0210012994 Seoul CHOSON ILBO in Korean 2 Oct 94 p 1

[Report by Hong Sok-chun]

[FBIS Translated Text] Based on President Kim Yong-sam's policy for the early resumption of North-South dialogue, the government is positively studying a plan to turn the current Armistice Agreement into a "new peace pact" with the agreement on North-South mutual cross-border transit as its key element. This was confirmed on 1 October.

By admitting the existing problem in the current armistice system requiring the approval of the commander of the U.S. Forces in the case of cross-border travel, the government will propose that a new peace agreement is concluded, including the cross-border travel agreement which has been excluded in the North-South agreement, in the event that remarkable progress is seen in the North-South dialogue and Kim Chong-il's power succession is completed.

This was revealed in a report submitted to the National Assembly by the Foreign Ministry at the request of National Assemblymen Yi Pu-yong (Democratic Party) and Pak Chan-chong (New Democratic Party) during the assembly inspection of the Foreign Ministry on 29 September.

In the report, the Foreign Ministry stated that "The current Armistice Agreement should be replaced with a peace agreement through direct dialogue between the North and the South in accordance with the North-South agreement. The key points of the peace pact would include mutual recognition of the Military Demarcation Line, guarantee of nonaggression, and cross-border travel."

Of them, the "establishment of the system of mutual cross-border travel" is a new proposal not included in the basic North-South agreement, thus attracting the people's attention.

Han, PRC Counterpart Discuss DPRK Issue

SK3009230394 Seoul KBS-1 Radio Network in Korean 2200 GMT 30 Sep 94

[By correspondent Kim Chae-chol from New York]

[FBIS Translated Text] ROK Foreign Minister Han Sung-chu, who is in New York, met with PRC Foreign Minister Qian Qichen early this morning, Korean time, to exchange views on mutual concerns, including the North Korean nuclear issue.

Foreign Minister Han Sung-chu said the North Korea-U.S. talks held in Geneva did not show substantial progress and urged North Korea to demonstrate sincere efforts. He said the PRC's persuasion will be very important.

Foreign Minister Qian Qichen stressed the importance of the resolution of the North Korean nuclear issue through dialogue and expressed the PRC's intention to encourage North Korea to continue negotiations with the United States.

Minister Han also expressed strong regrets over the PRC's summons of delegates to the Armistice Commission, saying that it was a very inappropriate measure which may send North Korea a signal at this time.

PRC Views Armistice as Valid

SK0110030094 Seoul YONHAP in English 0248 GMT 1 Oct 94

[FBIS Transcribed Text] New York, Sept. 30 (YONHAP)—Chinese Foreign Minister Qian Qichen reassured South Korea Friday that the Korean Military Armistice remains in effect despite Beijing's recall of its representatives to the Armistice Commission.

Qian told his South Korean counterpart Han Sung-chu at talks here that China's position on the pact's validity remains unchanged, Han's spokesman Chang ki-ho said.

Both foreign ministers are in New York attending the 49th U.N. General Assembly session.

China recalled its representatives from the commission on Sept. 1. South Korea immediately expressed concern, saying such action could send the wrong message to North Korea, which insists on signing a peace pact with the United States to replace the armistice.

The South Korean minister conveyed this stance to Qian, the spokesman said. Han was told that China emphasizes dialogue and a peaceful solution to the North Korean nuclear problem and that it intends to persuade the North to continue negotiations with the United States, according to the spokesman.

Qian called the recent North Korean domestic situation "peculiar," referring to the power vacuum left by Kim Il-song's death, and added that Beijing does not know about the expected transfer of power to Kim's son Chong-il 100 days after his father passed away.

The spokesman said Qian promised to give positive consideration to South Korea's bid for non-permanent membership in the U.N. Security Council for 1996-97.

PRC Conducted 'Military Exercise' To Aid North

SK0210090294 Seoul KBS-1 Radio Network in Korean 0800 GMT 2 Oct 94

[Hong Kong, YONHAP]

[FBIS Translated Text] It has been learned that the PRC conducted a large-scale military exercise with the objective of landing its armed forces on the Korean peninsula to aid North Korea. The latest issue of CHING PAO, a pro-PRC magazine published in Hong Kong, reported today that on 23 August Beijing conducted a large- scale military exercise on the Liaodong Peninsula, a strategic point, with the tactical objective of landing on the Korean peninsula to aid the DPRK and fight against the United States and the ROK.

Three services of the Chinese Armed Forces jointly participated in the military exercise, which was conducted with the approval of the CPC Central Military Commission. The military exercise showed off its force of arms to the ROK and the United States while the situation on the Korean peninsula was strained and demonstrated the PRC's firm resolve not to look on as a spectator in case the DPRK became an object of military aggression, the magazine said.

The military exercise contributed positively to North Korea's political stability and to Kim Chong-il's smooth power succession, the magazine stressed. The magazine added that when the North Korean Chief of the General Staff Choe Kwang led a military delegation to the PRC in June, prior to Kim Il-song's death, Beijing promised to come to the aid of the DPRK if the ROK and the United States waged military aggression against North Korea.

Premier Li Peng Plans Seoul Visit on 31 Oct

SK0110074394 Seoul YONHAP in English 0722 GMT 1 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 1 (YONHAP)—Chinese Prime Minister Li Peng will reportedly visit Seoul Oct. 31 to have a summit with South Korean President Kim Yong-sam.

Li is the highest-ranking Chinese official to visit Seoul since the two countries normalized diplomatic ties in 1992 and his official visit comes in return for President Kim's trip to China in April.

A government official here said that "Li's visit is a different matter from Seoul's invitation to Chinese President Jiang Zemin," pointing out "Li's visit is the first one by Chinese highest leader as the prime minister is the chief executive whose term of office is guaranteed by the National People's Congress, not appointed post."

He also said that "during Li's visit here, the two countries will sign the aviation agreement, which was already initialed."

Accordingly, the regular direct flights between Seoul and Chinese cities of Beijing, Dalian, Qingdao and Shenyang will begin their services within this year, while the regular chartered flight between Seoul and Shanghai continues.

Seoul Plans Economic Development Aid for PRC

SK0110000094 Seoul MAEIL KYONGJE SINMUN in Korean 30 Sep 94 p 5

[By reporter Hong Ki-yong]

[FBIS Translated Text] On 29 September, the government decided to give China $43 million (about 34.4 billion won in Korean currency) in aid as EDCF [economic development cooperation funds].

The Ministry of Finance has recently approved the project to aid China with EDCF funds in its implementation of four projects such as the building of the Grand (Nanhang) Bridge, and decided to officially inform the Chinese Government of this.

The appropriation of $43 million in EDCF funds has been approved. The breakdown is as follows: $10 million for expanding the Yanji Airport; $8 million for expanding Longkou Port; $15 million for building the Grand Nanhang Bridge; and $10 million for building the Dongning Railway.

The aid will be repaid in installments in 15 years with a five- year grace period at an annual interest rate of 3.5 percent.

Inchon 'Expanded-Area Metropolis' Plan Viewed

SK3009042794 Seoul YONHAP in English 0246 GMT 30 Sep 94

[FBIS Transcribed Text] Suwon, Kyonggi Province, Sept. 30 (YONHAP)—As residents of some areas in the three counties bordering Inchon City have opted to become Inchon citizens, the port city will become "an expanded-area metropolis" next March under the government's two-phase administrative district revision plan.

In votes cast in the three counties on Thursday, Ongjin County, excluding Taebu Myon (township), saw 3,960 households or 88.4 percent of the 4,549 voting households choose integration with Inchon.

In Kanghwa County, the integration plan gained the support of 11,802 households, or 68.7 percent of the 17,669 voting households, while in Komdan Myon [Township] of Kimpo County, 2,472 households or 56.1 percent of the 4,517 households casting votes opted for their township's integration into Inchon.

With Inchon expanding into the three counties, Kyonggi Province will see its area decreasing from the present 10,774 square kilometers to 10,159 square km, its number of administrative districts from the present 36 counties and cities, 11 wards and 476 towns, townships and villages to 34 counties and cities, 11 wards and 455 towns, townships and villages, and its population from the present 7,236,909 in 2,274,827 households to 7,131,761 in 2,241,742 households.

In contrast, Inchon will increase its area from 339.4 square km to 954.3 square km and population from 2,178,252 to 2,283,004.

Right of Operational Control in DMZ Viewed

SK0310135594 Seoul KBS-1 Radio Network in Korean 1300 GMT 3 Oct 94

[FBIS Translated Text] In December the ROK Army will receive the right of operational control during peacetime from the U.S. forces stationed in the ROK. In this connection, the government also plans to work so that the ROK Army can receive the right of operational control in the DMZ, which is currently being carried out by the UN Command in the ROK. The government plans to discuss this matter with the U.S. side at the ROK-U.S. annual Security Consultative Meeting, slated for 6 October in the United States.

In this connection, a high-ranking government official said that since we will be exercising the right of operational control on all regions south of the armistice line from December, it is our plan to also receive the right of operational control in the DMZ. Up until now, the right of operational control in the DMZ has been exercised by the UN Forces Command in the ROK in the event of a possible conflict between the armies of South and North Korea.

Kim Yong-sam Gives Speech on Armed Forces Day

SK0110035994 Seoul KBS-1 Television Network in Korean 0120 GMT 1 Oct 94

[Speech by ROK President Kim Yong-sam during ceremony marking the 46th ROK Armed Forces Day held at the Seoul Airport—live]

[FBIS Translated Text] Dear people, officers and men of ROK Armed Forces, domestic and foreign guests:

Today I, together with all the people, extend my congratulations on the 46th Armed Forces Day. I present encouragement and thanks to the officers and men of the ROK Armed Forces who, even at this moment, devote themselves to defending the nation.

Our Armed Forces were founded 46 years ago with the establishment of the government. However, the 25 June Korean war—a fight between fellow countrymen—broke out even before a foundation was laid for the organization.

Our Armed Forces safeguarded liberal democracy on this land with empty hands during a serious crisis like a candle flickering in the wind. Thus, our Armed Forces started as democratic armed forces that defend freedom and democracy. The Armed Forces regrettably once worked as a stumbling block in the course of democratization.

However, we were able to wisely overcome such a trial. Our people and I finally succeeded in establishing a civilian government in February of last year after the 30-odd years of historic course filled with ordeal.

The trend of global history also made us confirm that liberal democracy is the value that mankind should pursue. History taught us that the path of democratization on which our people and I traversed was right and furthermore, reunification should be achieved on the basis of liberal democracy.

It is the very road of reunification to build the national commonwealth [minjok kongdongche] whereby democracy will bloom throughout the Korean peninsula. It is the road on which both the North and the South should traverse together, instead of winning or defeating the other.

It is the invariable goal and dream of our people and myself to achieve the democratic reunified fatherland, where all of 70 million constituents of the nation become the masters and where freedom, welfare, and dignity of mankind are insured. [applause]

The responsibility for defending and fostering our democracy is assigned to our Armed Forces. This is the everlasting mission of our Armed Forces.

Our Armed Forces were reborn as democratic armed forces through reform. Our people now have boundless trust in and love of the armed forces.

Our Armed Forces are consolidating their position as democratic armed forces through their own constant reform. I take pride in our Armed Forces that showed today their dignified appearance as democratic armed forces before the people. [applause]

Fellow countrymen, officers and men of the ROK Armed Forces, the Cold War system is collapsing in the vigorous trend of international history. The Korean peninsula cannot be the only one against the trend of international history. Our nation has to do its share regarding peace and reunification. We have to look straight at the changed environment of reunification and face it stoutly.

North Korea makes a big wrong assumption if it thinks it can solve all problems at once [ilgo-e] by developing nuclear weapons. The former Soviet Union did not collapse because it had a shortage of nuclear weapons. The implementation of the joint declaration on denuclearization is a necessary condition [pilsu yogon] for maintaining peace. The North Korean authorities must realize, as soon as possible, that the military reinforcement and nuclear weapons development will be of no help for achieving peace on the Korean peninsula or for maintaining its regime. [applause] They must give up the line of reunification through communizing the South, which is nothing but a worthless fantasy. [applause]

If North Korea really desires peace on the Korean peninsula and reunification, it should launch to the road of opening and reform as soon as possible. Without North Korea's opening and reform, it is impossible to make progress in achieving peace on the Korean peninsula or national reunification. If North Korea guarantees the nuclear transparency and chooses the road of opening and reform, we will provide North Korea with capital and technology. Then, North Korea can rapidly grow to become a new, late blooming developing industrial country [hubal sinhung kongop kukka].

Through such complementary economic relations, we must focus our national energy in the North and the South on making an advanced and reunified country. A Korean peninsula, where the North and the South cooperate, can become the center of a strong international economic and cultural region connecting Japan, the PRC, and Russia. The democratic commonwealth [minju kongdongche], which is created in accordance with our national characters, can become a new model of civilization in the course of cooperation and reunification of the North and the South.

I believe in the potential of our nation. Although 50 years seems long, it is a very short time compared to 5,000 years. On 15 August, I already introduced the idea of common plans for national development. The earlier contacts between the North and the South for such issues as the reunion of the scattered people, arms control for building up military trust, and discussion of common plans for national development, the better. The direction of the future of our nation in North-South relations is becoming clear. Our role and responsibility is becoming greater in the course of reunification.

We should make a determination to be willing to take our role and responsibility, as well as make preparations from now on. The long-cherished desire of the 70 million fellow countrymen urges us to do so, and the historic tide of the world requires us to do so.

However, what is more important than anything else in the course of achieving reunification is to lay a foundation for peace. Without peace, we cannot keep the democratic commonwealth safe. Without peace, neither freedom nor prosperity can exist. Reunification without peace cannot be achieved. The democratic development and economic growth we have achieved are valuable assets in approaching the reunified fatherland. Therefore, we should punish any challenge to peace in the name of the whole nation, without fail. [applause]

Our Army, as a peace army, has to maintain peace in this land until the day of reunification.

Dear fellow countrymen and officers and men of the ROK Army:

Soldiers are not the only group to defend peace, and to love peace is not enough. We should all create genuine peace in this land. A practical goal we have to attain for peace is to build a genuine democratic commonwealth. The commonwealth we aspire is a society where the basic democratic order is observed, and where the people's participation and their creativity are extended. It is a community where the people's living quality is improved and a society where all people live well together as social justice is overflowing like the river. It is a ethical commonwealth [todokchok pokchi kongdongche] where humanity is alive and all social members are liked by love for one another.

Externally, we have to constantly strengthen our national competitive strength. We can catch up with advanced countries only when we omit their trials and errors. We all should have again the sense of worth, sense of mission, and self-sacrificing passion for national advancement that we had in the rapid development period. We have to rehabilitate the national economy, which is now being invigorated after a long stagnation, and use it as a springboard for a second take-off.

Internally, we should achieve a balanced development in all classes, regions, and generations. We should clear division and conflict within ourselves. When our commonwealth is identified with a society based on justice, it will become the very foundation of peaceful reunification.

We have to continuously push ahead with change and reform for sound development of the democratic commonwealth.

Eradication of corruption and irregularities should be continued until all irrationality and unreasonableness are removed.

We should carry out nationwide every-day reform to enhance the quality of life of the people. Instead of asking the government to lead reform, one should seek first what can be reformed. We should reflect on whether eruption of collective egoism is right or wrong for the interest of the entire community.

Common interest and the nation's long-range plan can be spoiled by egoism.

The president cannot carry out all plans by himself. It is not the government alone which carries out reform. Reform is something all people should carry out jointly, and only reform carried out by all the people together is genuine reform. [applause]

This being my belief, I have been greatly encouraged by civilian movements that are briskly carried out recently voluntarily in many domains of society.

Genuine peace begins with jointly building a sound democratic commonwealth.

As the president, I will fulfill all my sacred responsibilities and duties for national defense to safeguard and develop the democratic commonwealth. [applause]

Officers and men of the Armed Forces: Our Armed Forces are democratic armed forces and peaceful armed forces that defend freedom and democracy and that safeguard peace. [applause]

Our Armed Forces are the people's armed forces that build and defend the democratic commonwealth together with the people and are the armed forces of science and technology who take the lead of the era of internationalization.

Our people and I take great pride in the Armed Forces for reunification who support national reconciliation and reunification amid peace and who are firmly resolved to fulfill the mission assigned by the time.

I ask our Armed Forces once again to become the cornerstone that help the nation attain the security posture, which no one can look down on, and help the people achieve its ardent aspirations of peace and reunification. [applause]

When we achieve the advanced reunified nation, our people will enjoy the most glorious peace at last, which no one has enjoyed before.

I wish our Armed Forces everlasting development together with our fatherland.

Thank you. [applause]

Defense Ministry Publishes White Paper

SK0210064394 Seoul CHOSON ILBO in Korean 1 Oct 94 p 5

[By reporters Pang Chun-sik and Yu Yong-won]

[FBIS Translated Text] The 1994-95 Defense White Paper released by the ROK Defense Ministry on 30 September has a great deal of information about the ROK's effort to overhaul military power and difficulties inside the military.

The Defense White Paper has considerable details concerning the trend of combat power reinforcement, including the restructuring of mechanized Army units; North Korea's military power reinforcement, including nuclear development; and military advantages. A newly added "data glossary" chapter contains various military related laws and regulations and security data. The number of pages is 390, 150 more pages than last year's edition.

The following is a summary of chapters concerning North Korea's military threat, military situation of surrounding countries, and efforts on independent defense.

North Korea's Military Threat

Recently, North Korea has been concentrating on internal unity to maintain the hereditary socialist system led by Kim Chong-il while pursuing close-down policy and military reinforcement. It is also taking pains to create conditions for a revolution in the South.

While being suspected of developing nuclear weapons, North Korea has continued the reinforcement of attack weapons. It has successfully test-fired Nodong No. 1 missile with a range of 1,000 km, developed new long-range ground-to-ground Taepodong No. 1 and 2 missiles, self-produced "Chonmaho" tanks—a modification of the Soviet T-62—produced and deployed 23-mm and 37-mm self-propelled anti-aircraft artillery, and self-produced Hyoksin No. 2 helicopters and antitank missiles. North Korea is also planning to produce MiG- 29 fighters on its own. Even though the total strength is the same of last year's, North Korea added one corps, 500 of various guns, and 10 support ships. North Korea maintains 1.6 times more military manpower than South Korea and two times as much hardware.

With regard to deployment, 65 percent of ground forces, 60 percent of ships, and 40 percent of aircraft are deployed in the forward area south of the Pyongyang-Wonsan line. Thus, an all-out surprise attack is possible without additional redeployment. In the case of ground forces, some 60 regular divisions and brigades are deployed in the forward area south of the Pyongyang-Wonsan line; corps 3-7-9 and Pyongyang Defense Headquarters are in their rear; and corps 6-8-10 are in the next rear; enabling commitments by echelon.

The following are of particular threat: The 170-mm self-propelled artillery and 240-mm multiple rocket launcher deployed in the fore; the strong river-crossing ability with some 600 amphibious vehicles and 2,300 detachable S-type floating bridges; special units with a total of 100,000 troops, of which 20,000 are capable of infiltrating simultaneously through sea and air. North Korea has 6.5 million mobilization troops which accounts for approximately 30 percent of the population from ages 14 to 60. They are as good as active soldiers and can be mobilized immediately.

Military Situation of Surrounding Countries [subhead]

After the end of the Cold War, the United States has maintained a fundamental strategy stressing forward positioning, augmentation force, and alliance with local countries, considering the continuing risk of local conflict in the Asia-Pacific region.

Despite the new defense strategy, the United States has maintained the basic frame of its old strategic idea for East Asia and has adhered to the existing local defense posture based on the win-win war capacity, while pursuing a prompt countermeasure strategy mainly by the Navy and Air Force.

Japan has strengthened its security basis according to its defense power reinforcement plan and has adhered to a security policy pursuing the enhancement of its political, economic, and military role.

Following the inauguration of the coalition government, the "Defense Issues Forum," an advisory organization to the prime minister, reevaluated the "general principles of the defense plan" and set forth three major principles: take the responsibility of "active organizer [hyongsongja]" after the Cold War; focus on the function of U.S.-Japan security cooperation; and possess efficient defense power.

The PRC is exerting efforts to leap forward and become an advanced country by strengthening its national power through the modernization of agriculture, industry, defense, and science and technology. To match the military power with the country's status, the PRC purchased more T-72 tanks, MiG-29, MiG-31, and Su-27 fighters, while planning on building aircraft carriers.

Russia has discarded the "policy for expansion of forces with strong armed forces at its van" pursued by the former Soviet Union, and turned this policy into purely defensive strategy attaching importance only to preservation of its own territories.

Accordingly, Russia implemented a phased reduction of its military power in the Far East and refrained from interfering in military conflicts within the region. Russia, however, has not abandoned its traditional policy of attaching importance to the Asian-Pacific region, thus striving to make military power in the Far East an elite corps.

In the Far East, Russia deployed T-72 and T-80 tanks; Kirov-class cruisers; MIG-29 and MIG-31 fighters; SU-25 and SU-27 fighters; SAM- 5, 10, and 12 missiles, and other new-type of weapons. In addition, T-82 tanks, SU-35, and (Kuznechokov)-class large-size carrier, which are currently under development, are expected to be deployed in this area for an actual war.

Maintenance of Military Power

The Armed Forces are making efforts to improve their military structure to attain maximum unified combat capabilities, and for maintenance of forward-looking elite troops.

The ground forces will be light-weighted and mechanized so that their mobility can be enhanced, and through their structure, they will expand their operational efficiency in order to cope with three-dimensional, high-speed mobile warfare.

The Navy will develop submarine units in a phased manner for performance of positive marine operation. At the same time, it will reinforce three-dimensional marine fire power through watersurface- underwater-aircraft operation.

The Air Force will improve its organizational structure for elite airplane fighting power and of independent operation of early- warning system to make it possible to carry out varied missions.

For the modernization project of defense technology to establish ultramodern weaponry system, which is said is an essential element for modern warfare, the current investment for defense research and development, which remained the level of 2.9 percent of current national defense expenditure, will be increased to the level of 5 percent by 1998.

Appropriate Military Expenses

The war that may break out on the Korean peninsula is expected to be a war of science and technology by high-standard ultramodern intelligence weapons and mass lethal weapons. Early-warning system, battlefield surveillance devise, commanding and communications means, and other high-price equipment will be secured. Thus, continuous and stable military modernization program will be pushed ahead.

The military has currently asked for a 23 percent increase in military equipment. However, only a 6 percent increase is foreseeable due to budget problem, thus resulting in a delay in attaining the goal of building military power.

This being the situation, it is very difficult to secure ultramodern scientific and technological equipment essential for building technology-oriented military power.

Insurance of professionalism for professional soldiers and improvement in in-camp service environment appear to be also difficult. About 42 percent of all basic in-camp facilities is those built during the sixties and seventies. Thus, the buildings are so old that the rain leaks from the roofs, and heating system has not been installed.

The average amount spent for meals for one soldier—either officer or enlisted men—per day is 2,509 won. This figure is only 64 percent of 3,896 won, an average amount spent for meals by one person of the nation a day. The amount of 853 billion won is required only for improving in-camp basic facilities and meals.

Thus, an average of 12 percent-level increase is required in military expenditure each year for building and maintaining the military power. In this case, the military expenditure will be maintained in the level of 3.5 percent of Gross National Products.

Comparison of South and North Korean Military Power

Category	ROK	North Korea	vs. 1993
TROOPS			
Army	540,000	900,000	
Navy	60,000	46,000	
Air Force	55,000	84,000	
Total	655,00	1,030,000	
GROUND FORCES			
Corps	11	18	+1
Division	50	53	
Brigade	21	99	

Comparison of South and North Korean Military Power (Continued)

Category	ROK	North Korea	vs. 1993
Tank	1,950	3,800	
Armored Car	2,100	2,500	
Field Gun	4,600	10,800	+500
NAVY			
War Ship	190	434	
Support Ship	60	320	+10
Submarine	2	26	
AIR FORCE			
Tactical Planes	520	850	
Support Planes	180	480	
Helicopters	620	290	

Excluding standby replacements; Marines included in the Navy.

Marines included in Army.

Including marine divisions.

* Four-Star Generals, Military Reform Discussed

942C0162B Seoul IRYO SINMUN in Korean 12 Jun 94 p 14

[By journalist Yun Kil-chu]

[FBIS Translated Text] President Kim Yong-sam on the 25th of last month received report of Naval Chief of Staff Kim Hong-yol's promotion to admiral and pinned on his new rank. With this, President Kim has promoted or appointed all nine of the four-star generals of army-commander rank and above since taking office. Also, 73 percent of corps commanders and 63 percent of division commanders, who are lieutenant generals, have been replaced. A new power group has come to lead the military. One year and two months after taking office, YS [Kim Yong-sam] can be said to have made firm connections with the military as its supreme commander. The dispirited fall, like leaves in an autumn wind, of over a hundred stars since immediately after his inauguration shows the severity of this revolutionary purge of the military.

The present leadership of the military is made up of nine four-star generals. These figures entered the heart of the civilian-led military through the three-to-four rounds of personnel changes since YS took office. Not that long ago, during the 5th and 6th Republics, these nine generals were men going through unspeakable hardships, forgotten men in unimportant posts. Some had to swallow their anger, brushed aside by the Hanahoe's rise to power. Of the nine generals, Chairman of the Joint Chiefs of Staff [JCS] Yi Yang-ho (Air Force Academy 8th class) and Army Chief of Staff Kim Tong-chin (Military Academy 17th class) had already had their rank pinned on by President No Tae-u during the 6th Republic. As the new administration came into office, President Kim appointed them to Chairman JSC and Army Chief of Staff respectively.

A Year of Moderate Command

Air Force Chief of Staff Kim Hong-rae (Air Force Academy 10th class), recently promoted Naval Chief of Staff Kim Hong-yol (Naval Academy 16th class) and five others were directly promoted to the rank of general by President Kim. They all have in common the fact that they are apolitical. They are also characterized by being pure field soldiers, not belonging to any particular faction. Well aware of the abuses of private organizations within the military during the 5th and 6th Republics, President Kim appointed them to eliminate military factions. Chairman Yi Yang-ho holds the highest rank in the military. He is the first Air Force chief of staff to make chairman of the JCS. Yi Yang-ho received the baton of his present office, contrary to what was generally expected, after Chairman JCS Yi Pil-sop resigned in 1993 for his part in the May 18, 1980 suppression of the Kwangju Uprising. When he assumed the post of chairman JCS, deep sighs were heard all over the Army: "It's finally happened. This is the end of the era of Army supremacy." There are no signs of the long friendship Chairman Yi, an intelligence-operations expert, has built with President Kim. Nor are exchanges apparent with persons powerful enough to influence military personnel actions. His calm management of the situation when he reported to the Blue House during the Air Force Generals Corruption Crisis in 1993 brought him to the attention of President Kim and was the occasion of his selection as chief JCS. Along with three of the military's present "Four Pillars of Power", National Defense Minister Yi Pyong-tae, Office of Military Manpower Administrator Kim Kwang-sok, and Ministry of National Defense Planning Management Office Director Yi Chong-rin, Army Chief of Staff Kim Tong-jin is a graduate of the Military Academy's 17th class. In the line of former Defense Minister Kwon Yong-hae, General Kim is considered the only one of the nine generals to have built "personal connections." He is trusted by President Kim as the person who took the lead in the elimination of the Hanahoe after YS took office. His carrot-and-stick strategy seen in the process of eliminating the Hanahoe was even assessed by some to surpass that of a military operation. General Kim contributed most to "the establishment of the YS military connection." A graduate of North Kyongsang Province High School, he is reported to have the support of his fellow graduates, juniors and seniors, in each field. Having produced 14 generals from General Kim on down, including former director of the National Defense College Chang Sok-ri (lieutenant general), Infantry School Director Sin Yang-ho, Joint Chiefs Personnel Planning Staff Division Chief Chon Kwan, Mechanized Division Commander Kim Hui-sang [as published], etc., North Kyongsang Province High School is becoming the focus of attention. General Kim participated in the suppression of the Kwangju Uprising in 1980 as commander of the 62d Regiment, 20th Division. He was also faced with a crisis for a time when this became a problem. It was expected that he would resign when his classmate, Yi Pyong-tae, was appointed defense minister. However, he is firm in his position as a "powerful chief of staff." In the regular military personnel actions last April, he is reported to have actually had more influence than Minister Yi Pyong-tae. As a graduate of the South Kyongsang Province Middle School's 12th class, Air Force Chief of Staff Kim Hong-rae is directly junior to President Kim. Although capable, stories circulated because of this, questioning whether he did not owe his appointment to the fact that he was from PK (Pusan, South Kyongsang Province). He assumed his position after Air Force Chief of Staff Cho Kun-ho was killed in a helicopter crash in March. Promoted from rear admiral to vice admiral on May 24th of last year, Kim Hong-yol was given an unprecedented appointment to Naval Chief of Staff. This measure is assessed to be the result of a close screening of naval leadership taken by YS as he was investigating the Naval Promotion Scandal. Vice Admiral Kim is without political color since he belongs to no specific faction. First Army Commander Yi Chun, a model hwarang [term for elite youth in the Silla dynasty] of the Military Academy's 19th class, was DSC Commander Kang Chong-song's chief secretary in 1972. In that capacity, he took charge of the DSC investigation into the Hanahoe at that time. Serving for a time as MND Project Coordination Officer, he was laterally promoted (a system by which an officer is transferred to the reserves if he does not receive a new assignment within two years) to chief of logistics headquarters. Unless something unusual happened, his was considered to be a "reserve transfer" case. Even though a model hwarang, he did not join the Hanahoe. This resulted in his being held back. Thus, even right before his appointment to 1st Army Commander, he was pitied within the military as a "general with little going for him." However, he was recognized by YS for his ability. Commander Yi had the "good luck" to be promoted to general six-and-a-half months after his promotion to lieutenant general. This is unprecedented, excluding the super-fast promotion from major general to general within a few months of Pak Chung-hi during the course of the May 16, 1961 coup d'etat, and Chon Tu-hwan and No Tae-u during the seizure of power by the military in 1980.

Obscured by Hanahoe, Forgotten

First Deputy Chief of Staff Pyon Chang-won is an "old-timer" who had always been promoted late. His promotion to division commander also was behind that of his classmates. He barely made it in the third round. He is recorded as "the last general of the 18th class." In particular he was obscured by former 1st Army Commander Cho Nam-pung, former 3d Army commander Kim Chae-chang, and other distinguished members of his class. Second Army Commander Pak Se-hwan is an exemplary RT [officer produced by ROTC] front-runner of the ROTC 17th class. A graduate of Andong High School and Koryo University, he is the "hope" of 100-thousand RTs. Although belonging to the group from Taegu, he was considered by President Kim to be commander material early on. Although some expect him to be the next army chief of staff, it is generally thought to be too early to tell. Besides these, there is 3d Army Commander Yun Yong-nam (Military Academy 19th class), selected by former Defense Minister Kwon Yong-hae. From Uiryong, South Kyongsang Province, he graduated from Pusan High School and belongs to the typical PK group. Appointed deputy commander of the Combined Forces Command, General Chang Song (Military Academy 18th class) is recognized by everyone to be a man of ability. He is so well thought of that stories are circulating that President Kim has given him his blessing as the next Army chief of staff.

Aug Import Increase Ratio Level Reported

SK3009084294 Seoul YONHAP in English 0731 GMT 30 Sep 94

[FBIS Transcribed Text] Seoul, Sept. 30 (YONHAP)—Due mainly to a sharp rise in imports of capital goods, South Korea's import increase ratio in August reached its highest level since July 1991.

As a result, the current account deficit in August topped 1 billion U.S. dollars with the aggregate current account deficit during the first eight months of 1994 standing at 3,876 million dollars, already way above the original estimate of 2,500 million dollars for the entire year.

According to the Bank of Korea's balance of payments report for August, the nation's imports in the month totalled 8,141.7 million dollars on a customs clearance basis, or a 31.5-percent hike from August 1993. The figure represents the second highest tally next to the 31.9-percent jump recorded in July 1991.

The sharp import growth in August is attributed to increased imports of capital goods and raw materials, prompted by Korea's business expansion, and also of consumer products.

Capital goods imports in the month topped 3,310 million dollars, up 40.1 percent from the month a year earlier and the highest since April 1991's rise of 47.2 percent.

In addition to capital goods, imports of crude oil at 800 million dollars showed a 49.9-percent surge from August 1993: those of nonferrous metals an increase of 68.2 percent: those of automobiles, 10 million dollars, a hike of 424 percent: those of clothing, 90 million dollars, a rise of 94.9 percent: and those of footwear, 10 million dollars, an increase of 39.4 percent.

Exports in August marked the highest increase ratio this year as well, reaching 7,640 million dollars, but the country recorded a shortfall of 820 million dollars in its trade balance.

Invisible trade in August posted a deficit of 289.5 million dollars, with the lion's share (274 million dollars) comprising a shortfall in the travel balance of accounts with overseas remittances for study and training included.

Consequently, the invisible trade deficit during the first eight months of the year stood at 1,650 million dollars.

The Bank of Korea, which originally estimated the current account deficit this year at 2.5 billion dollars, is now scrambling to revise the figure upward.

Lawmakers Assail Cabinet for Business Policy

SK3009022994 Seoul THE KOREA TIMES in English 30 Sep 94 p 9

[FBIS Transcribed Text] The government is under fire for being inconsistent in its policy toward conglomerates.

In the Assembly audit and inspection of the Finance Ministry Wednesday and Thursday, lawmakers said economic ministries are adopting conflicting policies toward the nation's business groups.

Rep. Kim Tok-yong of the governing Democratic Liberal Party urged the Economic Planning Board [EPB], the Trade-Industry-Energy Ministry and the Finance Ministry to be consistent in their policies toward business groups.

He said the EPB is seeking to guide industrial conglomerates into reducing their cross investments among their subsidiaries in efforts to diffuse economic concentration.

On the other hand, the Trade-Industry-Energy Ministry plans to reduce the scope of business sectors reserved for the small-and medium-sized firms, which will be driven out by big business groups, he said.

The ministry also takes an ambiguous attitude toward Samsung's entry into the automobile sector and the Hyundai's move to the steel sector, he said, adding that the Ministry of Finance is moving to soften the credit control rule, thus giving the 30 major conglomerates full freedom in investments. The government is planning to give incentives to the business groups to encourage them to invest in the modernization of the social infrastructures, said Kim who is one of close deputies of President Kim Yong-sam.

Major conglomerates have announced plans to investment projects, each of which will involve more than one trillion won. He questioned whether their investment projects might fan real estate speculation.

Kim and other lawmakers of the National Assembly Finance Committee said the lack of coordination among the different ministries is confusing the people about the nation's chaebol policy and weakening the international competitiveness of the Korean industries.

They questioned why the government bothered to rescue again the Hanyang group at a time when numerous small firms are collapsing.

Opposition lawmakers said the Kim Yong-sam administration is seeking to create the "Conglomerate Republic," a reference to the government's alleged favor to business groups.

Internet Becomes Available on Chollian 1 Oct

SK3009022694 Seoul THE KOREA HERALD in English 30 Sep 94 p 3

[FBIS Transcribed Text] Dacom said yesterday that it will begin to offer an Internet service through its computer communications network, Chollian, tomorrow [1 October].

Internet is the world's largest academic computer communications network linking about 63,000 host computers and LANs in 137 countries. More than 2.2 million PCs are interconnected with each other through Internet and about 10 million subscribers are currently using the service worldwide.

More than 185,000 Chollian subscribers will be able to have free access to the Internet, using their individual ID numbers alone.

Once on line they can obtain the latest information in such fields as economics, culture, R&D [research and development], defense, education, and science and technology without paying additional fees.

High-class information made public by the world's think tanks such as NASA, Bell Labs, MIT, FDA, and Harvard and Stanford universities will be conveniently available to the Chollian subscribers, a Dacom spokesman said.

Furthermore, Koreans living abroad can review domestic news by linking up with the Chollian via the Internet, he said, citing another benefit of the Chollian-Internet linkup.

Internet had been exclusively offered to the R&D and academic communities here since last June, when Korea Telecom launched a commercial Internet service, dubbed Kornet, through Hitel.

Burma

NLD Holds Meeting on Ending Military Dictatorship

BK0310050994 Oslo Democratic Voice of Burma in Burmese 0030 GMT 3 Oct 94

[FBIS Translated Text] The first conference of the National League for Democracy [NLD], liberated zone, was held in the conference hall of the Central Headquarters of the National Coalition Government of the Union of Burma in Manerplaw from 15 to 30 September.

The conference chaired by U Maung Maung Aye, minister for trade and information, elected five members of the Central Executive Committee and 13 members and two reserve members of the Central Committee. In a telephone interview with the Democratic Voice of Burma, U Maung Maung Aye said the following:

[Begin U Maung Maung Aye recording] The delegates discussed and endorsed the constitution of the party and future programs at the first conference of the NLD, liberated zone. The first conference was also able to elect the five members of the Central Executive Committee and the 15 members of the Central Committee—13 members and two reserve members.

The Central Executive Committee has U Win Khet as chairman, U Tin Aung as deputy chairman, U Thein U as secretary, U Tint Swe as joint secretary, and (?U Shwe Htoo Lwin) as member. They were unanimously elected by the conference.

We were able to lay down the following as future programs: the consolidation of the NLD, liberated zone; cooperation in unity with allied organizations; eradication of the military dictatorship; promotion of democracy; and (?release) of the NLD leader, Daw Aung San Suu Kyi.

We also discussed details relating to the implementation of the 1990 elections; the abrogation of the SLORC's [State Law and Order Restoration Council] National Convention; joint pressure to bring about tripatite talks involving the SLORC, democratic forces, including Daw Aung San Suu Kyi, and indigenous armed organizations; the emergence of a nationwide cease-fire; and organizing indigenous groups which had signed separate cease-fire agreements with the SLORC.

We were able to hold the first conference of the NLD, liberated zone, unitedly and successfully. [end recording]

Chinese Provincial Firm To Upgrade Shipyards

BK3009154094 Rangoon THE NEW LIGHT OF MYANMAR in English 22 Sep 94 p 1

[FBIS Transcribed Text] Myanma [Burma's] Shipyards of the Ministry of Transport and Yunnan Province Machinery Import and Export Corporation of the People's Republic of China signed a Memorandum of Understanding [MoU] on Sinmalike Shipyard upgrading project at Myanma Shipyards.

Present were Minister for Transport Lt-Gen Thein Win, Minister for National Planning and Economic Development Brig-Gen Abel, Minister at the Prime Minister's Office Brig-Gen Lun Maung, Deputy Minister for Transport U Sann Wai, Economic Attache Mr Wu Hebo and Economic Counsellor Mr Chen Shijie of Embassy of the PRC, Chairman of Yunnan Province Machinery Import and Export Corporation Mr Wu Wen Kuan, Managing Director of Myanma Shipyards U Percy Maung Maung, heads of department and officials.

Managing Director U Percy Maung Maung and Chairman Mr Wu Wen Kuan signed the MoU. The MoU includes installation of advanced machinery on vessels building in Sinmalike Shipyards, extension of docks and other facilities and provision of interest free loan by the Corporation. On completion of the project, the Shipyards will be able to build 8,000-ton vessels and pontoons.

Kunming Shipbuilding Firm To Build, Upgrade Ports

BK3009154394 Rangoon Radio Myanmar in Burmese 1330 GMT 30 Sep 94

[FBIS Translated Text] Myanma [Burma's] Port Authority [MPA] of the Ministry of Transport and the Kunming Branch of the China Shipbuilding Trading Company Limited of the People's Republic of China signed a memorandum of understanding [MOU] on the expansion and construction of MPA's ports, improvements in stevedoring, the construction of a transporter container-loading bridge to assist in handling an increasing number of containers, and the development of container handling facilities at a ceremony held at the MPA's hall on Pansodan Street at 0700 today.

The ceremony was attended by Lieutenant General Thein Win, minister of transport; Brigadier General Lun Maung, minister of the Prime Minister's Office; U San Wai, deputy minister of transport; responsible personnel, and specially invited guests.

PRC Consortium To Build Hydroelectric Plant

BK3009160394 Rangoon Radio Myanmar in Burmese 0630 GMT 30 Sep 94

[FBIS Translated Text] Myanma [Burma's] Electric Power Enterprise [MEPE] and a group from PRC, which is studying the Paunglaung hydroelectric power project, signed a memorandum of understanding [MOU] to implement the Paunglaung hydroelectric power project in Pinmana Township, Mandalay Division at the Ministry of Energy's hall yesterday. The MEPE has been planning to implement this project.

At the signing ceremony, the Myanmar side was represented by U Thaung Sein, director general of the MEPE, while the PRC side was represented by Mr. (Yan Shu Wei), head of the mission and director general the Yunnan Industrial Bureau.

Under the project, a 131-meter high (?Kyauk Phyu) dam will be built on Paunglaung creek and the power plant will be fitted with four 70-Mega Watt turbine engines for a total 280 Mega Watts. The plant is expected to produce about 911,000 units of electricity every year.

Another 399 Refugees Return From Bangladesh

BK0110095594 Rangoon THE NEW LIGHT OF MYANMAR in English 27 Sep 94 p 6

[FBIS Transcribed Text] Altogether 399 persons of 76 households arrived back at two reception camps from Bangladesh on 19 September under an agreement reached between Myanmar and Bangladesh. A total of 71,134 persons have arrived back from Bangladesh during the period 22 September 1992 to 19 September 1994, it is reported.

Singapore Listed as Biggest Investor in Country

BK0310111894 Bangkok PHUCHATKAN in Thai 3 Oct 94 p 4

[FBIS Translated Text] Foreign Trade Department—The hotel business was still flourishing in Burma during the first half of 1994, as the country prepares to launch a tourism promotion campaign next year.

The Foreign Trade Department reported that during the first six months of 1994, a total of 78 foreign investment projects worth $909.91 million were implemented under the foreign investment law of 1988. Of these, 19 projects worth $244.89 were from Singapore, followed by those from the United States, Korea, Thailand, and United Kingdom.

Thailand, which ranks fourth on the foreign investment list, invested in five projects involving the hotel business and tourism, three projects to do with animal husbandry, and the remainder in the fields of agriculture, timber processing, textiles, and mining.

During the period under review, 321 foreign investment projects worth $47.84 million were registered—75 from Singapore worth $7.94 million; 27 from Japan worth $6.54 million; 51 from Thailand worth $5.80 million; and 51 from the United States worth $5.71 million.

The Foreign Trade Department noted that nearly all types of commodities, especially consumer goods, can be sold in the Burmese market. However, the shortage of foreign currencies on the part of the government and the inadequacy of basic public facilities remain problems in that country. Worse still, the exchange rate is unrealistic. The official rate is one U.S. dollar for six kyat, while one U.S. dollar can fetch from 110 to 115 kyat.

These problems have adversely affected both import and export businesses. Foreign entrepreneurs find it difficult to send profits in the form of cash back home. Remittance of profits is therefore carried out by exporting valuable products such as teak and gems, which are also subject to state control.

Brunei, Malaysia & Singapore

Malaysia

Jan-Jun 1994 Foreign Trade Records Deficit

BK2909131394 Kuala Lumpur NEW STRAITS TIMES in English 27 Sep 94 p 16

[FBIS Transcribed Text] Malaysia's external trade recorded a deficit of RM [Malaysian ringgit] 800.6 million during the first half of 1994 compared with a surplus of RM2.6 billion in the corresponding period last year.

The deficit was contributed by the 30.4 percent growth in imports which surpassed the export growth of 23.2 percent, the Statistics Department said yesterday.

In June this year, Malaysia achieved a favourable trade balance with a RM183.2 million surplus, but it was slightly lower than the RM198.5 million surplus in May this year and June 1993's surplus of RM274.4 million.

Total export earnings were valued at RM70.4 billion against imports of RM71.2 billion.

Malaysia's major trading partners in the first six months of this year were Japan, the United States, Singapore, Taiwan, the United Kingdom, Germany, and Hong Kong which collectively accounted for 71.0 percent of total trade.

Higher surpluses were recorded with Hong Kong and U.S., the trade balance with India improved from deficit to surplus, a lower surplus was reported with the UK, but the deficit with Japan and Taiwan worsened.

The department said thermionic valves and tubes, photocells, and others remained the country's leading export earner with receipts of RM11.4 billion or 16.2 percent of total export earnings.

The export value of this category recorded a 28.8 percent or RM2.6 billion jump in export revenue when compared with the first half of 1993, but the department reminded that this group had a high intrinsic import content.

The second biggest revenue earner was palm oil with an export value of RM3.6 billion or five percent of total exports, which also reflected a 28.3 percent increase when compared with the RM2.8 billion export value in January-June 1993.

The increase was attributed to a substantial increase of 22.5 percent in quantity exported and a 4.8 percent rise in free on board (FOB) prices.

Other major commodities which recorded increased earnings were plywood (+RM687.3 million or 63.2 percent), apparel and clothing accessories (+RM157.2 million or 6.8 percent), palm kernel oil (+RM65.0 million or 27.5 percent), and rubber (+RM47.2 million or 4.2 percent).

However, exports of crude petroleum fell RM1 billion or 24.1 percent, saw logs (-RM458.6 million or 27.6 percent), liquefied natural gas (-RM151.6 million or 11.3 percent), petroleum products (-RM60.9 million or 8.3 percent), and saw timber (-RM52.8 million or 2.5 percent).

The major port destinations were the U.S. (accounting for RM14.9 billion), Singapore (RM14.5 billion), Japan (RM8.5 billion), Hong Kong (RM3.2 billion), and the UK and Thailand (both RM2.7 billion).

As for imports, the lion's share was again for machinery and transport equipment at RM42.5 billion or 59.6 percent of the total. They also remained the largest contributor (+RM11.8 billion) to the increase in the value of total imports.

During the period under review, Malaysia's main sources of imports were Japan (RM19.1 billion), the United States (RM12.4 billion), Singapore (RM10.3 billion), Taiwan (RM3.7 billion), and Germany (RM2.9 billion), which together accounted for 67.8 percent of the country's total imports.

Malacca Straits To Get Ship Traffic System

BK2909131894 Kuala Lumpur NEW STRAITS TIMES in English 27 Sep 94 p 27

[FBIS Transcribed Text] Kuala Lumpur, Mon.—Vessel collisions in the extremely busy straits of Malacca will be minimised, if not totally eliminated, when a highly sophisticated computerised monitoring system begins operation in early 1997.

The RM [Malaysian ringgit] 90 million system known as the "Vessel Traffic Monitoring System To Promote Safety of Navigation Along the Malacca Straits" is one of the biggest of its kind to be implemented in the world and will serve as a marine traffic control system for the straits. The growing number of vessels and tankers using the strait has increased the risk of accidents. Since 1977, 62 incidents have been reported, seven in 1992 alone.

Traffic along the 765-km strait, whether in transit or calling at ports, is expected to increase tremendously over the next few years with more infrastructure development and industries being set up.

The Vessel Traffic Monitoring System will be installed by Syarikat SCM Integrated Sdn. Bhd. [Private Limited], a joint venture between Syarikat Sumber Perkhidmatan dan Perhubungan Sdn. Bhd. and a Canadian company, Canac International and Microtel.

A signing ceremony for the contract for the project was held at the National Security Council Operations Room in the Prime Minister's Department here today.

Chief Secretary Tan Sri Ahmad Sarji Abdul Hamid signed on behalf of the government, while Syarikat SCM Integrated Systems was represented by its chairman, Mohamed Hashim Yunus, and Alternate Director Robert Astop.

The signing was witnessed by Minister in the Prime Minister's Department Datuk Bernard Dompok. Also present were Canadian High Commissioner John Bell and National Security Council Secretary Jaffar Ismail.

Ahmad Sarji, in his speech, said the primary objective of the project was to safeguard the safety of traffic in the Malacca Straits.

"The strait is of utmost importance for the country. About 60 percent of Malaysia's population live close or along the strait."

"It has become an international 'highway' for vessels. According to available statistics, over 3,000 ships transporting all sorts of dangerous cargo such as oil chemicals, liquified petroleum gas, and others ply the strait daily."

Ahmad Sarji said apart from being used as a passage for vessels, the strait was also used for fishing, oil exploration, and tourism.

He added the risk of accidents grew along with traffic congestion.

"Malaysia, Singapore, and Indonesia have agreed to review the present vessel traffic separation scheme for the strait and implement a hydrographic survey. Both the projects are at the technical discussion stage."

Ahamd Sarji said under the vessel traffic monitoring system, radar and radio stations would be installed at strategic spots along the waterway.

"The system will enable the authorities to monitor the movements of ships in the strait and important information can be relayed to ships using it."

He added the radar and radio monitoring centre would be located at the Marine Department stations in Klang and Johor.

"The ships using the strait can communicate with the centres to know the traffic situation, weather condition, movement of ships carrying dangerous cargo, and other information which can help their safe navigation."

Ahmad Sarji said an information data base would also be created through the data gathered via this system to enable the government to plan more effective safety measures for the strait.

"The system, unique to the strait, incorporates state of the art technology and sophisticated electronic equipment."

Hashim said the system, to be ready in 29 months, was specifically suited for the traffic management in the strait.

He added the Canadian joint-venture partner was committed to the transfer of technology.

National Maritime Council Secretary Mohamed Sidik Shaik Osman said there would be about nine radar stations along the strait, at strategic spots, from Klang to Johor.

Asked whether the system would eradicate collisions entirely, he said "only the captains can ensure this."

Sabah Party Officials Quit To Rejoin Opposition

BK3009144794 Kuala Lumpur Radio Malaysia Network in Malay 1300 GMT 30 Sep 94

[FBIS Translated Text] Datuk Clarence Bongkos Malakun, deputy chairman of the Sabah People's United Party [PBRS], and four of the party's Supreme Council members today announced their decision to quit the component party of the National Front ruling coalition and rejoin the Sabah United Party. Datuk Bongkos also announced the dissolution of all 16 PBRS branches in the Moyog state constituency which has about 2,600 members. Other members who have resigned from the party headed by Datuk Sri Panglima Joseph Kurup, Sabah deputy chief minister, are (Datuk Conrad Majunting), (Johannes Koluki), and (George Yap).

* Sabah Expected To Have Most UMNO Members

94SE0231B Kuala Lumpur BERITA HARIAN in Malay 22 Aug 94 p 2

[FBIS Translated Text] Kota Kinabalu, 21 Aug—Sabah is expected soon to record more UMNO [United Malays National Organization] members than any other state, UMNO Vice President Datuk Sri Najib Tun Razak said today. Najib, who is also chairman of the National-Level UMNO Membership Expansion Committee, said that so far Sabah has second place with 290,720 members, after Johor's 311,723 members.

"There is no reason Sabah cannot emerge as the state with the most members, because the UMNO membership expansion campaign has not yet reached its maximum level.

"I am also confident that Sabah will make the biggest contribution to UMNO membership throughout the country," he said today at the Sabah Electricity Board Building in a meeting of the Campaign to Expand UMNO Membership. In the meeting, he accepted the membership of 7,800 new UMNO members from various districts in Sabah, including Panampang, Gaya, Tanjung Aru, Sandakan, Libaran, Kota Belud, and those who registered at UMNO Headquarters in the Employee Savings Association Complex. Earlier, he had accepted 28,000 new UMNO memberships in Sabah.

Najib said that the most important principle to be practiced by each UMNO member is loyalty to the party rather than blind loyalty to a leader. He said loyalty to the party is unconditional, because an attitude of conditional loyalty does not exist in UMNO's sincere and noble tradition.

"We will continue to fight until the people of Sabah are no longer poor, but advance along with the flow of national development," he said.

Speaking later to reporters, Najib said that the campaign to add members throughout the country is moving smoothly and has achieved 15 percent of its target of 300,000 new UMNO members. He has found that most of those who enroll as members are young people.

Singapore

Daily on Need for Early Implementation of AFTA

BK3009131294 Singapore BUSINESS TIMES in English 30 Sep 94 p 16

[Editorial: "Get going on Afta"]

[FBIS Transcribed Text] The planned ASEAN Free Trade Area (Afta) has been given a new lease of life. It is now to be implemented more speedily and more boldly. Fortunately, ASEAN economic ministers who met last week in Chiang Mai did not allow divisions within their ranks—over another plan for free trade in the Asia-Pacific Economic Cooperation (Apec) area—to derail the Afta train. As they re-affirmed in Chiang Mai, Afta is the ASEAN priority—not Apec. Indeed, free trade in Apec can wait, if going the Apec way is to be at the expense of ASEAN's own free trade area. But this holds only if Afta is regarded as a serious proposition, not some pie-in-the-sky plan.

The Afta trouble-shooting which the economic ministers did was timely. Cynicism within ASEAN was beginning to eat into Afta's shaky foundations. ASEAN businessmen seem not to have felt any immediate benefits from the Afta plan since its initiation last year. It is also unclear whether foreign investors see Afta as a reason for investing in the region; those that have invested in ASEAN have not done so on account of Afta's allure. And as a counter to the pull of emerging markets such as China, Afta has yet to prove any real worth. To make matters worse, Afta is under threat of being overtaken by bolder tariff-slashing exercises at the global level, brought about by a revamped world trade order.

The truth is, unless full free trade within ASEAN is achieved quicker than within the 15 years originally planned, Afta might become superfluous even before it comes into being. So, ASEAN economic ministers did the right thing to shoot for a 10-year time-frame. Afta's new deadline of zero to 5 per cent tariffs by January 2003 is now better than the one targeted under the new World Trade Organisation. And, as if to show they meant business, the ASEAN ministers even put unprocessed agriculture—hitherto a politically sensitive industry - onto the chopping block. There is no better way to demonstrate renewed resolve than this. But what remains to be done is the hard part: action. ASEAN must stop talking and get going on free trade. It must not waste any more time with new bouts of back-sliding.

To be sure, an important reason why swift progress was made in Chiang Mai was the fear of losing out to a fast-moving Apec. This much was admitted by Thai Deputy Prime Minister Suphachai Phanitchaphak, who raised the possibility of Afta being diluted if free trade in the Apec region took shape. Such a fear is not without basis, if privileges of Afta membership, such as most-favoured-nation treatment, are to be extended throughout the Apec region. This is not just an economic consideration but also a political one. If Afta can be diluted, what is to prevent ASEAN from being similarly affected?

But while there are reasons to protect Afta from being undermined, the plans for Afta cannot and must not be an excuse for ASEAN nations to scupper a more ambitious plan for free trade in the Apec region. Yes, Afta must be made to work, in its own right and on it own steam. But if Apec, too, agrees on a free-trade plan, ASEAN's response must be to hasten its own moves, not slow down Apec. And if ASEAN shows signs of not taking its Afta plan seriously, it has only itself to blame if it is sidelined.

Cambodia

Commission To Review 'U.S. War of Aggression'

BK0210091194 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 1 Oct 94

["Communique" of 325 representatives of various groups issued in Kompong Speu Province on 18 September—read by announcer]

[FBIS Translated Text] After a meeting held in a liberated zone under the control of the Provisional Government of National Union and National Salvation in Kompong Speu Province on 18 September, we, the 325 representatives of the peasants, workers, clergy, Buddhists, and former officials and teachers in Kompong Speu, Kandal, Takeo, and Kampot Provinces and Phnom Penh, have concurred in setting up a mass commission called the Commission to Review the U.S. War of Aggression To Massacre the Cambodian People Between 1970 and 1975.

Why do we need to establish the commission? After a series of discussions, especially after the 18 September meeting, we are of the opinion that the United States, after more than 20 years, still nurtures the desire to oppose the Cambodian nation and people in the most (?impudent) and stubborn manner with:

1. An alliance led by the United States collaborating with the invader, communist Vietnam, to fan the flames of war to massacre Cambodians;

2. The United States and the alliance conducting all manner of activities to oppose national reconciliation, national solidarity, and national unity of Cambodia; they aid and abet efforts to divide Cambodians and incite them to fight one another endlessly so that the alliance and communist Vietnam can cut Cambodia to pieces at will; and

3. The United States, along with its aforesaid criminal activities, is using all kinds of its propaganda machines to deceive national and international opinions.

As a response to all this, we, the people who were the victims of the U.S. war of aggression and who have experienced the U.S. barbarous activities in Cambodia in the past, realize that it is indispensable for us to establish a commission to review the old file concerning Cambodia and the United States. This action is aimed at making national and international public opinion aware that the United States, which is the devil, has continued to join forces with communist Vietnam to exterminate the Cambodian race.

Our commission will carry out its research and publish reports on diverse criminal activities committed by the United States between 1970 and 1975. The commission also wishes to call on all our fellow compatriots to provide it with various documents pertaining to the U.S. crimes. The objective of our commission is to mobilize and motivate the strength of our Cambodian nation and people more vigorously to vanquish the U.S. policy of inflaming the communist Vietnamese war of aggression as quickly possible with a view to achieving peace and national reconciliation of Cambodia.

The composition of the Commission to Review the U.S. War of Aggression between 1970 and 1975 is as follows:

1. Secretary General: Chum Sophal, teacher;
2. First Deputy Secretary General: Meas San, Buddhist monk;
3. Second Deputy Secretary General: Keo Samret, monastery counselor;
4. Press Secretary: Prum Set, teacher;
5. Press Secretary: To Mul, worker;
6. Press Secretary: Kong Sam-an, peasant;
7. Members: All the remaining 319 representatives.

[Dated] Kong Pisei District in Kompong Speu Province, 18 September 1994

Officers Interviewed on Hostage Situation

BK3009133794 Hong Kong AFP in English 1218 GMT 30 Sep 94

[By Kevin Barrington]

[FBIS Transcribed Text] KAMPOT, Cambodia, Sept 30 (AFP)—The fate of the three westerners kidnapped some

nine weeks ago by the Khmer Rouge here remained unknown as government troops stepped up military pressure around the guerrillas' mountain base, officers and diplomatic sources said Friday.

"Communication has been cut off recently so we don't really know about the three foreigners," said a government officer manning a checkpoint on the road to the isolated Kompong Trach district where the three western backpackers were seized in a bloody train ambush July 26.

Government officers said they believed Frenchman Jean-Michel Braquet, 27, Briton Mark Slater, 28, and Australian David Wilson, 29, were still detained by Khmer Rouge Commander Paet and his men in one of the guerrillas' rain-drenched jungle camps on the nearby Phnum Voar (Vine Moutain).

Diplomatic sources said in the past two to three weeks, they had received no precise information on the exact whereabouts and well-being of the captives.

Second Lieutenant Kong Nara, in Kampot hospital suffering from a schrapnel wound to the neck, told AFP that skirmishes with the guerrillas had recently increased as government troops tried to surround the guerrillas's positions.

"Before we were far away and now we move closer and closer, that's why the scouts and intelligence people meet each other," he said. "They fire at us, we fire at them and then we separate—it's hit and run."

Lieutenant Colonel Seng Sonhur, at military headquarters, dismissed press reports that some 6,000 government troops had launched an all-out offensive on Phnum Voar.

"There has been no major attack, nothing unusual has happened," he said. "There are a lot of rumours here."

Another officer said there were around 2,800 troops deployed to surround the guerrillas, cut off their supplies and prevent reinforcements being moved into the area.

"If we had 6,000 troops, we could just walk on the Khmer Rouge's heads," he said.

General Prum Savoeun said the situation at Phnum Voar was now quiet as the government forces finished the "second phase of our operation" by closing in on the guerrillas' positions Thursday.

"Three Khmer Rouge were killed and two wounded. Some of our soldiers were also wounded," he said. "Now we have to assess the situation and calculate whether we should launch military operations again." The general said he thought the three foreigners were still alive.

"But my job is not to know about the hostages, it is to eliminate the Khmer Rouge in this area and provide security for the local people," he said.

Commander Paet initially demanded a ransom of some 150,000 US dollars in gold. But the Khmer Rouge leadership then stepped in and complicated matters by demanding that the recently outlawed faction be made legal again and that Western nations cease all military assistance to Phnom Penh. By laying siege to the guerrillas' bases, the government had hoped to pressure Paet into ignoring the Khmr Rouge leadership's demands and settling the hostage problem locally.

"The Khmer Rouge want to make this a political issue so we cannot negotiate," said General Chea Dara, who was put in charge of the negotiation process but returned without results to Phnom Penh earlier this week.

Proposed Government 'Shakeup' Leading to 'Showdown'

BK3009132994 Hong Kong FAR EASTERN ECONOMIC REVIEW in English 6 Oct 94 p 33

[FBIS Transcribed Text] A sweeping shake-up of government proposed by Cambodia's two prime ministers, Prince Norodom Ranariddh and Hun Sen, has set the scene for a showdown with their powerful rivals within the Cambodian People's Party (CPP).

The proposal, which has been submitted to the CPP politburo for approval, calls for up to seven key ministers to swap jobs, and for a number of provincial governors to step down, senior officials told the REVIEW. Just as significantly, it calls for the removal of some senior army and police officers considered loyal to co-Interior Minister Sar Kheng and his brother-in-law, CPP strongman Chea Sim.

The changes are expected to be announced within the next few weeks, but not before extensive closed-door wrangling among the Cambodian factions. By then, the changes are liable to look very different from the proposals set out by the co-premiers. The final shape of the government will reveal much about the balance of power in Cambodia, where Ranariddh and Hun Sen are struggling to bring the disparate elements of the apparatus of state under their control.

"It will happen in the next few days or weeks, but it is not a big reshuffle, just a reshuffle to strengthen the cabinet to be more responsive," Hun Sen said on September 20. It's not surprising that Hun Sen played down the scope of the proposal. With the shake-up, the co-premiers are trying to strengthen their own hand while eroding the power base of figures such as Sar Kheng, whom they suspect of involvement in a failed July 3 coup attempt. But they know they must proceed delicately to avoid an open conflict.

On the cabinet level, the premiers are bidding to shift loyal ministers into key positions. The men they replace won't be ousted from the government, but simply handed less-sensitive portfolios. Almost certain to meet this fate are the reformist economy and finance minister, Sam Rangsi, and his close ally, Foreign Minister Prince Norodom Sirivut, political insiders say. Though highly rated by diplomats for their performance, both men are considered too independent by the premiers.

Possibly even more sensitive than the cabinet reshuffle is the premiers' proposal to reassign five regional military commanders and a number of second-tier Defence and Interior Ministry officials. Both ministries are considered bastions of support for the Sar Kheng-Chea Sim CPP faction; three senior Interior Ministry officials were arrested in the wake of the coup attempt. And after the army's last dry-season debacle, Ranariddh and Hun Sen want to reorganise the army before it goes on the offensive again late this year.

"The premiers want their own army, and want to minimise the role of the police," says a senior official. Their proposal to revamp the government "is evidence that the current system doesn't work for them."

Sihanouk Reiterates Call Against Landmine Use

BK0310105094 Phnom Penh AKP in French 0405 GMT 3 Oct 94

[FBIS Translated Text] His Majesty Norodom Sihanouk, king of Cambodia, made a declaration clarifying his position on landmines. Following is the text of the declaration made public in Beijing on 2 October:

Some Khmer and foreign circles believe that I have not yet clearly fixed my position vis-a-vis the question of landmines.

My position in this regard has on many occasions since 1991 been rendered very explicitly.

I would like to officially and solemnly proclaim this invariable position one more time:

I demand that the use and placement of landmines (antipersonnel and other mines) be severely and definitely condemned and that the users and placers of landmines as well as these mines themselves be outlawed.

I demand that countries producing landmines put an end once and for all to their production.

I demand that all landmines in depots and everywhere else be destroyed.

I demand that they no longer be sold, that they no longer be exported.

I demand that the countries, the heads of state, the governments, and other anti-landmine circles have the kindness to come (financially, technically, and otherwise) to the rescue of Cambodia which currently is the most mined country in the world given its size and the fact that the Cambodian people currently have the world's highest percentage of people mutilated and handicapped by mines (10,000,000 mines have been placed in Cambodia) and the highest number of critical acccidents per day, per week, and per month due to landmines (that is, to their explosions).

I demand that the National Assembly of the Kingdom of Cambodia kindly draft and pass an anti-landmine law.

I demand that the Khmer Royal Armed Forces, the PKD [Party of Democratic Kampuchea] and the ANKD [National Army of Democratic Kampuchea], and other placers of landmines put an end once and for all to mining, and I demand that they systematically demine the land of Cambodia and destroy all their landmines.

I pay a moving tribute to CMAC [Cambodian Mine Action Center] and to all heroic and courageous Khmers and foreigners who are in charge of demining operations in Cambodia.

Ranariddh Scolds Media for 'Negative' Comments

BK0310110794 Phnom Penh AKP in English 1015 GMT 3 Oct 94

[FBIS Transcribed Text] Phnom Penh AKP October 3—First Prime Minister Prince Norodom Ranariddh has criticized international media for their negative reporting while ignoring the government success over the past year.

In a statement dated September 29, 1994, in support to King Norodom Sihanouk's statement issued last week, Prince Ranariddh pointed to all-sided progress made over the past year but said "none of this appears to interest any commentators, any observers, any journalists." The prince said that everyday the struggle against poverty brought success in rural development health, industry, education and public works.

He blamed, a certain foreign press for some of the country's unemployment and for scaring off important investment with what he called its vitriol and too-frequent lies.

Prince Ranariddh said he supported a free press, but called on those fighting for human rights and rights of expression to feel a sense of duty in their work.

He said that many western press and human rights groups spoke of rights in Cambodia but few spoke of duties.

KR Raids Kompong Luong Market Near Phnom Penh

BK0210110194 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 2 Oct 94 pp 1, 5

[Report by Ka Mach]

[FBIS Translated Text] At 2130 on the night of 29 September, a group of Khmer Rouge [KR] elements, the number of which was unknown, raided the Kompong Luong market [in Ponhea Loe District of Kandal Province, about 30 km northeast of Phnom Penh]. The colonel, chief of Kandal Province's Police Station said it was the same KR unit that attacked the Kompong Tralach District seat in Kompong Chhnang Province on 23 September 1994.

Because of the KR heavy fusillade during the raid, the Khmer Royal Armed Forces [KRAF] were forced to abandon their position temporarily; the area was overrun by the KR elements for nearly an hour. When they retreated, they took away 22 assorted guns, three television sets, a carton of medicine, $565, and 297,000 riels. Three KRAF combatants and a civilian were killed and three other government soldiers and a villager were wounded in the raid. As for the KR soldiers, some of them were also wounded because there were bloodstains leading to their boats.

The colonel said that the KR unit used modern armaments during the onslaught and that this was its third raid on Ponhea Loe District in 1994—it previously launched two attacks on the district's Kaoh Chen commune.

Normally, markets are the main targets of the KR because it needs supplies to sustain its troops. The KR failed in its attack on the Rokakaong market recently; this is why it attacked the Kompong Luong market now.

The Kandal provincial police chief further said: This year's high level of water everywhere has greatly facilitated the KR troops' attacks by boat. That Khmer Rouge unit, he added, which is stationed at Tuol Kouk Dong in Batheay District [Kompong Cham Province], has been assigned to carry out activities in Muk Kampul and Ponhea Loe Districts of Kandal Province and Batheay District of Kompong Cham Province.

Lately, the Khmer Rouge has paid some people to kidnap Japanese experts working along National Route 6A in a bid to pressure the Royal Government.

* Khmer Rouge Activity in Kratie Described
94SE0191A Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 1 Jul 94 p 3

[FBIS Transcribed Text] If we examine the situation in the villages and sub-districts, Khmer Rouge activity continues to be troublesome involving robbery; burning schools; burning sub-district headquarters; plundering the people's possessions; assessing contributions of rice from every household; detaining boats, ships, and cars and demanding from their drivers thousands and millions of riels; and forcing cars, motorcycles, or carts which travel through wooded areas under their temporary control to pay tolls. Their new, kinder policy to attract our people and get them to forget the sorrow and destruction from when they were in power has some people confused. The Khmer Rouge are good at cajoling the Cambodian people, always calling them "father" and "mother," but at the same time they continue to eat away according to the "Rust Corrodes Iron" strategy.

When the government launched military operations to defend the area and the people in order not to allow the Khmer Rouge to expand the territory under their control, it turned into a private preserve for some senior officers but not for the lower ranks or the common people where there is still the strongly held opinion that "the Royal Government is fond of war; it fights the Khmer Rouge but only kills Cambodians unaware of the good of the Khmer Rouge which tolerates the poor people of all kinds."

How can every Cambodian reconcile his views and make an accurate analysis of the current situation?

Recently Rumchek, Trapeang Pring, and a number of other sub-districts in Memot District, which are remote areas adjacent to Sre Char Sub-District in Snuol District of Kratie Province, as well as in a number of other villages in Kompong Domrey and Domrey Phong Sub-Districts in the Chlong District located in the eastern part of the province the Khmer Rouge carried out an old policy. When the Khmer Rouge were in power they divided the people into three classes: the first were the Royalists from the era of the Sangkum Reas Niyum, the second were their puppets who worked for the State of Cambodia, and the third were royal government employees from sub-district chief on up in the royal government after the elections whom they referred to as "new puppets."

The Khmer Rouge leaders in this region, some of whom are A Nhien, A Peou, A Savong, are conducting activities in all those isolated villages and carrying out schemes to divide the people into these three new classes with a very clear plan in mind. The first and second kinds will be completely destroyed; they will not even allow babies to live. They have organized secret forces to spy and gather statistics on government officials on the village, sub-district, and district level. In the sub-districts of Rumchek and Trapeang Pring the Khmer Rouge have just seized and murdered more than 20 people. Isn't this plot to divide the people up into three classes in order to kill them just like when they were in power before?

As for those young people who were part of the 70 percent demobilization, they are also the subjects of spying to find ways to catch and kill them. It is a good thing that about 25 young people took their families and fled from the Rumchek, Trapeang Pring, and sub-districts in the remote part of Memot District to the Chlong District in order to escape the Khmer Rouge campaign of execution.

At the same time, the Khmer Rouge have called up their former sympathizers who rallied to the government between 1979 and the present to return to their ranks whether in regiments, in platoons, or in divisions in order to join the struggle. They are all rounded up, investigated, and enticed to go off with them. In cases where any of these former sympathizers have gone into hiding or have fled, they are targeted by Khmer Rouge forces which investigate, arrest, and kill them in cases where they do not agree to return and carry out the "Rust Corrodes Iron" strategy in the places where they live.

This proves that the Khmer Rouge continue to carry out their scheme to divide up the people into the three classes up to the present day even in areas where they are not in control. Likewise the Khmer Rouge secret forces also have a list in which they have recorded all the royal government officials who live in Phnom Penh. Therefore please be alert and ready to most vigorously block the Khmer Rouge scheme. Remember the ancient sage who gave this advice, "The heron always forgets the trap, but the trap never forgets the heron...."

Their new scheme is to recall their former forces even though they have assured the people that they want to live in peace in villages, sub-districts, and districts.

Let every Cambodian in this generation be aware of all the schemes and tricks used by the Khmer Rouge to annihilate Cambodians and make careful deliberations to seek ways for the Cambodians living in our homeland to protect the Cambodian race forever.

Rumchek
The People in Chlong District, Kratie Province

Indonesia

Czech Prime Minister Arrives for 3-Day Visit

BK0310072594 Jakarta Radio Republik Indonesia Network in Indonesian 0500 GMT 3 Oct 94

[FBIS Translated Text] Czech Prime Minister Vaclav Klaus and his wife, Mrs. Licia Klausova, arrived in Jakarta this morning for a three-day state visit to Indonesia. The Czech prime minister is also accompanied by about 50 businessmen who will hold talks with their Indonesian counterparts to boost bilateral economic ties.

Pays Courtesy Call on President

BK0310124794 Jakarta ANTARA in Indonesian 0910 GMT 3 Oct 94

[FBIS Translated Excerpt] Murdiono, minister/state secretary, said in Jakarta on Monday that Indonesia and Czechoslovakia have agreed to improve bilateral economic ties between the two countries.

Murdiono said this at a briefing to newsmen on the meeting between President Suharto and Czech Prime Minister Vaclav Klaus when the latter paid a courtesy call on the head of state at the Merdeka Presidential Palace today. He said the Czech prime minister had expressed the hope that his three-day state visit to Indonesia would achieve positive results. [passage omitted]

On Tuesday morning, the Czech prime minister is due to begin his activities by first visiting the Kalibata National Heroes cemetary. Following this, he is to hold private talks with President Suharto.

Later in the day, Klaus is scheduled to meet members of the Indonesian Chamber of Commerce and Industry (Kadin), and then to witness the signing of an accord abolishing double taxation. [passage omitted]

Aviation, Tourism Agreements Signed With Singapore

BK2909134594 Jakarta ANTARA in Indonesian 0706 GMT 29 Sep 94

[FBIS Translated Text] Yogyakarta, 29 Sep (ANTARA)—Communications Minister Haryanto Dhanutirto and Singapore Minister of Communication Mah Bow Tan signed an air communications agreement in Yogyakarta on Thursday. The signing was witnessed by President Suharto and Singapore Prime Minister Goh Chok Tong.

Under the agreement, Indonesian airlines can now fly from any Indonesian city to Singapore and continue on to other countries. In addition, Buroq and Mandala, two Indonesian airlines, will now fly to Singapore. This was previously undertaken only by Garuda Indonesia, Sempati, and Nusantara Airlines. On the other hand, Singapore Airlines can now fly to Solo, Ujungpandang, and Mataram. Singapore Airlines already flies to Jakarta, Denpasar, Surabaya, Manado, Padang, Pontianak, and Pekanbaru. The two countries exchanged 1.215 million passengers during the first semester of 1994. The cargo volume was 39,300 tons.

President Suharto and Singapore Prime Minister Goh Chok Tong also witnessed the signing of a bilateral cooperation agreement on tourism. The bilateral cooperation agreement was signed by Trade and Industry Minister Hartarto and Deputy Prime Minister Lee Hsien Loong. Under this agreement, Singapore will encourage foreign tourists to continue their journey to Indonesia. Six million tourists visit Singapore annually. Indonesia and Singapore will establish joint tourism projects and launch tourism promotion and marketing.

After witnessing the signing of the agreements, the leaders of the two governments shook hands and then held a one-on-one meeting.

President Suharto, who left Jakarta early Thursday morning, was accompanied by Minister/State Secretary Murdiono and Public Works Minister Radinal Mokhtar. Goh Chok Tong, who left Singapore Thursday morning aboard a commercial aircraft, arrived at Sukarno Hatta International Airport on Thursday, where he was welcomed by Minister of Communications Haryanto Dhanutirto. Goh Chok Tong will leave for home on Friday morning after spending the night in Yogyakarta.

Three Declarations Adopted at East Timor Talks

BX0210132194 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 2 Oct 94

[FBIS Translated Text] The second round of reconciliation talks initiated by overseas East Timorese and held in London 29 September-1 October ended with the adoption of three declarations. The declarations, signed by Lopez da Cruz, leader of the Indonesian delegation, and Abilio de Araujo, leader of the overseas-based East Timorese group, expressed the hope that East Timor culture will be taught at all schools in the province.

The texts of the three declarations received by ANTARA news agency today touch on national unity and reconciliation, relations between Indonesia and Portugal, and future cooperation between the two countries. The declaration on relations between Indonesia and Portugal contains support for the UN-mediated talks between the two countries to seek a solution to the East Timor issue at international fora. The declaration also commends the Indonesian Government for developing East Timor.

East Timor Governor Seeks Talks With Jakarta

BK3009140094 Hong Kong AFP in English 1323 GMT 30 Sep 94

[FBIS Transcribed Text] Dili, East Timor, Sept 30 (AFP)—East Timor Governor Abilio Soares is seeking talks with Jakarta about special status for the former Portuguese colony, an Australian legislator said here Friday.

One of four visiting Australian MPs, Martyn Evans, quoted Soares as having told them that the governor wanted a "green light" from Jakarta to commence talks for special status for the region.

"This would be a very important step forward," Evans said about the possible discussion.

The four MPs discussed a wide range of topics with the governor, including economic development, relations with Australia as well as human rights, Evans said. He said East Timor Bishop Carlos Ximenes Belo had cancelled a proposed meeting with the MPs.

The four MPs—Labor's Martyn Evans and Gavan O'Connor and Liberal's Peter Slipper and Baden Teague—have left East Timor for the resort island of Bali to meet Saturday Regional Military Commander Adang Ruchiatna, whose oversees security in East Timor, before returning home.

The visit to East Timor was the first by Australian MPs since the bloody shooting in Dili on November 12, 1991. The last Australian legislators, also the first to visit East Timor in almost a decade, came in early 1991.

In 1992, Indonesian authorities withdrew permission at the last minute for a federal parliamentary delegation examining bilateral relations to visit East Timor.

The visit would have taken place near the first anniversary of the Dili shooting.

On November 12, 1991, Indonesian troops opened fire into a crowd of demonstrators, killing dozens of them. Indonesia invaded East Timor in 1975 and unilaterally declared the area its 27th province, a move which both the United Nations and Portugal refuse to recognize.

Canberra recognizes Indonesia's sovereignty over the former Portuguese colony.

Meanwhile, East Timor Military Commander Kiki Syahnakri told journalists after meeting with the MPs that there were still isolated cases of human rights abuses by military personnel.

However, he rejected the allegation of systematic human rights violation, saying the military have court-martialled six of its members and would bring another six to military tribunal.

"Among the six who were court-martialled, two have been forced to resign and four were demoted," he said.

Syahnakri said there were currently 6,200 military personnel in East Timor, comprising seven territorial batallions and one combat batallion.

He said with the killing of five Fretilin [Revolutionary Front for an Independent East Timor] members on Tuesday and Wednesday, the number of Fretilin members were now estimated at 189 people with 103 weapons.

Military Official Comments on E. Timor Security

BK0210145094 Jakarta ANTARA in Indonesian 1104 GMT 2 Oct 94

[FBIS Translated Excerpt] Denpasar, 2 Oct—Major General Andang Ruchiatna, commander of Udayana Military Area IX, said that East Timor residents who are affiliated with the security team are becoming more brave in reporting about or fighting against any group that causes a disturbance.

"The people of East Timor are not afraid to fight against the Fretilin [Revolutionary Front for an Independent East Timor] members who robbed them," Maj. Gen. Andang told reporters after starting a walkathon held in conjunction with the 49th anniversary of the Armed Forces of the Republic of Indonesia (ABRI) in Denpasar on Sunday.

The commander said that at the end of September five Fretilin members were killed in a clash with ABRI and East Timorese. Currently, there are only 195 Fretilin members left in the jungle with about 170 firearms with them. The authorities seized two long type of firearms from the five dead Fretilin members. [passage omitted]

He said that the strength of the Fretilin is weakening now due to the lack of support from the people. "They no longer have any army unit," Maj. Gen. Andang said. [passage omitted]

The commander said that East Timor is open to foreigners who wish to visit the province as tourists or to witness the development progress there.

"There is no prohibition for people wishing to visit East Timor. The people can go to East Timor by air from Kupang (East Nusa Tenggara) to Dili," he said.

Journalists of Banned Weekly To Write Again

BK0310151294 Hong Kong AFP in English 1402 GMT 3 Oct 94

[FBIS Transcribed Text] Jakarta, Oct 3 (AFP)—Journalists of the popular DETIK weekly, banned three months ago, will work for the revamped version of another publication, former chief editor Eros Jarot said here Monday . The new paper is very similar to the banned broadsheet weekly in layout. DETIK, was banned along with two other leading weekly publications on June 21. The new publication is the SIMPONI, an existing title which most of DETIK's staff now work for.

"The old SIMPONI now appears with a new face," Jarot, the former Chief Editor of DETIK, to a press conference here Monday to launch the new SIMPONI, adding that the new publication, a general news weekly, was the work of journalists from the old SIMPONI and from DETIK. The old SIMPONI published its last issue in August. Jarot, however, said that he was only a consultant and was only standing in for SIMPONI's chief editor Syamsu Hadi, who was unable to give the press conference.

His name was not on the list of the newspaper's management, obligatorily printed by every publication in each edition, but his byline graced a column entitled "free opinion" in the new edition. He said the new SIMPONI was still owned by the Putra Bangsa foundation which published the old newspaper.

Jarot said the new weekly would print around 140,000 copies to begin with but added that in the future "I would be happy if it reaches 200,000." It will sell at 1,400 rupiah (about 64 cents.)

DETIK sold about 400,000 copies when it was closed down by authorities who said it had violated its permit by publishing general news instead of crime and other stories as stipulated. Many here believed the paper's reporting of many controversial issues was behind the ban.

Jarot said any change in the revamped SIMPONI's content was due to the input of journalists from both the old Simponi and the former DETIK. Only five of DETIK's staff of about 70 did not join the new venture, Jarot added.

Jarot said he was confident the authorities would not close SIMPONI, adding there had been no violation of the paper's permit as the old SIMPONI was also a weekly with a permit to carry general news.

Jarot said they have learnt from the past regarding editorial content, a direct allusion to the ban, but added that "one thing that we cannot do is turn a blind eye to truth."

TEMPO, another of the three weeklies banned in June, was closed with authorities saying that its editorial content threatened national unity and cohesion. Many here think its reports on the differences between ministers on the controversial purchase of ships formerly of the East German navy was one of TEMPO's sins. The third banned weekly, the EDITOR, was already in dire financial straits when it was closed.

Future Foreign Investment Potential Assessed

BK3009100594 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 30 Sep 94

[Station commentary]

[FBIS Transcribed Text] A statement that the continuous flow of direct foreign investments into China due to the opening of the economy would influence or reduce the inflow of investments into other developing nations has been proved wrong. We can substantiate our reasoning that the statement was wrong because there has been a sharp increase of foreign investments into Indonesia this year. A statement issued by Minister of State for Investment Sanyoto Wardoyo on Wednesday in Jakarta, stated that until 24 September foreign investments in Indonesia amounted to U.S. $19.86 billion or the highest record compared with the previous years. In fact, there are still three months left in 1994. We predict that the value of foreign investments could reach more than U.S. $22 billion or an equivalent of 44 trillion rupiah by the end of this year.

We compare this year's foreign investments with that of the previous year, which only amounted to U.S. $8.1 billion. We admit that China, with its vibrant annual economic growth rate of about 14 percent, its vast markets and cheap labor, has become one of the major preferences by foreign investors.

The sharp rise in the inflow of foreign investments into China since the mid-1980's was affected by the higher labor wages and land prices in the newly industrialized countries, recession, and also the Japanese financial controversy.

Foreign investors, who are interested in making investments in a country, will consider the country's actual market potential, its economic growth rate, and cheap labor. China's position, with its high economic growth rate and massive population, poses no problem for Indonesia in attracting foreign investors. This is because Indonesia's current economic growth rate can still be accelerated because we have available and abundant human, natural, and energy resources to apply to our effort toward becoming a medium-range industrialized country. These available resources can be complemented by our work force. What we need to do now is to continuously improve our investment climate. The problems we need to overcome are the international transportation system and infrastructure. The government will seriously attempt to deal with such problems during the Sixth Development Program.

We are optimistic that with APEC's [Asia-Pacific Economic Cooperation] future existence, there will be an increased flow of foreign investments from the United States and Canada to Indonesia.

The United States itself has considered Indonesia one of 10 big emerging markets [preceding three words in English] or a potential tiger in the Asia-Pacific region. Therefore, the United States will definitely not want to be left behind with the ongoing development taking place in this region. The evidence is that the country has decided to establish an American business activities center in the Pacific, that is, in Jakarta.

* Economist: Agricultural Deregulation Needed

94SE0236A Jakarta KOMPAS in Indonesian 16 Aug 94 p 2

[FBIS Translated Text] Yogyakarta, KOMPAS—It is hoped that the government will immediately undertake deregulation in the agricultural sector to raise the standard of living and welfare of the farmers. It is felt that such an effort is very much needed, since the purchasing power of the farmers has continued to decline over the last few years.

Prof. Dr. Lukman Sutrisno, contacted by a KOMPAS representative in Yogyakarta on 14 August, said: "This matter involves the well-being of the majority of the people of Indonesia. The farmers are no longer a compact community but have economic interests, including their own, personal interests."

Professor Sutrisno, a professor and sociologist at Gadjah Mada University, stated that deregulation is needed to increase the income of the farmers. Deregulation involves giving the farmers the freedom to choose to plant the most profitable commodities, including through the planting of commodities in certain regions. He added: "The farmers should no longer be required to plant commodities desired by the government but should be given the freedom to choose the commodities that they consider most profitable for themselves and the government."

Furthermore, it is hoped that the government will pay serious attention to the well-being of the farmers by resuming the payment of subsidies which have been steadily reduced over the past few years. He said: "Subsidies should not be abolished. Since we succeeded in becoming self-sufficient in food production, the subsidies have been steadily reduced."

Professor Sutrisno, a senior researcher at Gadjah Mada University, also drew attention to farmers' institutions. Existing institutions such as the KUD [Village Cooperative Units] and the HKTI [Indonesian Farmers Fraternal Association] are not yet effective in defending the interests of the farmers. Therefore, the farmers should be given the freedom to form independent bodies. He added: "Only the workers can establish trade unions. Why not the farmers? Let them form associations which are essentially from and for the farmers and are not made up of former government officials or experts."

Dr. Arief Budiman, a social observer from Salatiga [Central Java], was essentially in agreement with Professor Sutrisno. Interviewed on a separate occasion, he said that there needs to be a substantial reorganization of farmers' institutions. Dr. Budiman, who is a teacher at Satya Wacana Christian University (UKSW), thinks that existing village cooperatives need reorganization. He said: "The cooperatives should no longer be allowed to function merely as legal middlemen but must actively struggle to serve the needs of their farmer members."

Arief added that the HKTI farmers' organization must become an independent body and not remain an organization established by the government. He said: "This organization must be made up of people who are really farmers, who understand their sufferings and concerns."

Need for Subsidies

Doctor Lukman Sutrisno said that "agricultural zones" must be established through the grant of subsidies in an effort to increase farmer income. He added: "Without subsidies, this effort cannot succeed."

Subsidies can cover the purchase of fertilizers or bring down the interest rates on farmer production loans (KUT). Repayments of these loans could cover administrative costs. In this way the farmers will be encouraged to choose to plant commodities in accordance with market conditions.

He added that recently the government has tended to ignore the agricultural sector and has singled out the industrial sector for preference. In this connection it should be remembered that the majority of the people of Indonesia are farmers. He continued: "Farmers need to receive more serious attention, because if this is not done, it will lead to crucial problems. It will be difficult to deal with these problems with the industrial sector alone. The consequence is that, for example, this will lead to the destruction of existing forests."

According to Doctor Lukman Sutrisno, Indonesia does not need to be afraid of extending subsidies. Large countries such as Taiwan and Japan also provide subsidies. To develop the agricultural sector, it is not necessary to apply various kinds of economic theories which are influenced by the international economy. Theories of that kind will not reach the desired goals.

Doctor Lukman Sutrisno declared that the development of Indonesia must take place in two directions, that is, the industrial and the agricultural sectors. For that reason it is necessary to consider the kind of industry most closely associated with the agricultural sector. In that way the role of the agricultural sector can also be made more important.

Meanwhile, Arief Budiman said that the government does not need to seek special funds to provide subsidies to the farmers. Funds to cover these subsidies can be obtained by abolishing illegal tax collection. He stated: "The system of collecting taxes illegally must be abolished and the funds collected up to now used to provide subsidies for the farmers."

Arief added that providing subsidies to the farmers is the best action to take compared to increasing commodity prices. When the price of rice is increased, for example, it will have an impact on the majority of the people. Those most affected are the poorest among the people. He stated: "This is not just an economic problem. It also involves political problems."

Laos

Talks Held With Thai Communication Delegation

BK0110112294 Vientiane KPL in English 0925 GMT 1 Oct 94

[FBIS Transcribed Text] Vientiane, October 01 (KPL)—Delegations of the ministries of communication of Laos and Thailand met here yesterday to discuss and exchange views on communication between the two countries.

Leading the Lao side was Bouathong Vongnokham, Minister of Communication, Transport, Post and Construction, whereas the visiting Thai delegation was led by its minister, Winai Somphong. The meeting brought together more than 100 directors, technicians, businessmen of both countries. Somphan Kokilanon, Ambassador Extraordinary and Plenipotentiary of the Kingdom of Thailand to the Lao People's Democratic Republic, was also on hand.

In the meeting, Bouathong Vongnokham welcomed the Thai delegation to Laos and described it a new step of the relationship between the two ministries.

The Lao side reported the state of the communication and telecommunication development in Laos, particularly the improvement and construction of land roads, the survey of road no. 9, the Houai Sai-Luang Namtha-Boten road, the Heuang River bridge, the Vientiane-Nong Khai railway project, the cross border goods transport, telecommunication and the quadrangle economic development.

Thai businessmen were made clear about the atmosphere of investment in the Lao PDR [Lao People's Democratic Republic] and investment management law.

The Thai delegation arrived here on September 29 on a working visit to Laos at the invitation of the Ministry of Communication, Transport, Post and Construction of Laos. The visiting delegation also visited the Lao-Thai cooperation project at km 22 Nasaithong, and some economic and cultural sites in Vientiane prefecture. The visitors will return home today.

National Assembly Approves 1993-1994 State Budget

BK3009132694 Vientiane KPL in English 0930 GMT 30 Sep 94

[FBIS Transcribed Text] Vientiane, September 30 (KPL)—The 1993-1994 state budget was approved yesterday at the fifth ordinary session of the National Assembly (third legislature). The budget was presented by Khamsai Souphanouvong, Minister of Finance.

1994 is the fifth year of the constant development of the national economy and the stability of the monetary status.

According to an assessment, the rhythm of the growth of the national economy rises to 7.6, reaching the 1994-1995 target.

The 1993-1994 budget revenue is set at 142 billion kip. In the first ten months, the revenue is estimated to achieve 141.9 billion kip, a rise of 17.5 billion kip or 14 over the 1992-1993's. The rise is attributed to the growth of the national economy, the increase in people's income which boosts consumption and exportation and importation, and to the improvement of taxation.

Events on Sixth Day of Assembly Meeting Noted

BK0210134094 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 1 Oct 94

[FBIS Translated Text] Today is the sixth day of the proceedings of the fifth plenary session of the Third National Assembly. At today's session, the delegates heard the views contributed by members of the National Assembly to reports on the implementation of the 1993-94 socioeconomic development plan, the orientation of the 1994-95 socioeconomic development plan, and the execution of the budgets of the 1994-1995 fiscal year presented by chairmen of the various commissions of the assembly.

After expressing their views, the forum invited certain ministers concerned to answer various questions posed by members of the National Assembly in a straightforward manner, including ministers in the Ministry of Agriculture and Forestry, the Prime Minister's Office, the Ministry of Industry and Handicrafts, the Ministry of Finance, the Ministry of Communications, Transport, Posts, and Construction, the Ministry of Labor and Social Welfare, the Ministry of Education, and the Ministry of Information and Culture.

Thailand

Chuan Seeks To Reassure Canadian Investors

BK0110102194 Bangkok BANGKOK POST in English 1 Oct 94 pp 15, 24

[FBIS Transcribed Text] Prime Minister Chuan Likphai has assured Canadian investors that under his premiership the Thai Government will honour all business contracts it has signed.

Mr Chuan aims to boost the confidence of Canadian investors, who have shown some reluctance to invest in Thailand since the Government terminated Lavalin International's Skytrain contract.

The Prime Minister told Canadian investors during a lunch meeting that the termination of the Lavalin contract was the result of changes to the firm's shareholding structure, which caused technical problems. But he said that as long as he is Prime Minister, the Thai Government will honour all business contracts.

Lavalin International won the Skytrain contract for the development of the country's first-ever mass transit community train. But the company ran into financial trouble because of the failure of its Middle East investments during the Gulf War, and it was taker over by SNG Group, another Canadian firm.

The change caused it to fail to commit itself officially to all obligations required by the contract signed with the Expressway and Rapid Transit Authority of Thailand and the deadline, and although it unofficially confirmed its commitment, the Anan government announced in 1992 that the contract was null and void.

The Anan government later established the Metropolitan Rapid Transit Authority to take over the Skytrain project and made it the Metropolitan Rapid Transit System which is to award a contract to Bangkok Land.

Mr Chuan told the Canadian investors that Thailand has a geographic advantage, being at the centre of Southeast Asia, a region with a population of more than 500 million with several trade blocs in including the ASEAN Free Trade Area, the Economic Growth Triangle, the Economic Quadrangle and the Mekong Sub-Region.

The Prime Minister reported that economic growth is running at 8% a year while inflation is at a "manageable" level of 4-5%. Thailand has a high quality labour force, he said.

The Thai Government provides tax privileges to investors with projects in the provinces and is internationalising its laws, as well as several liberalisation programmes, to boost investors' confidence, he said.

On AIDS, Mr Chuan said Thailand is not the only country in the world where there is a problem, and "it has never hidden the truth". It is open to the World Health Organisation conducting a study and allows free reporting on the problem, he said.

"We are seriously setting out to solve the problem, and I myself am chairing a committee to deal with it," Mr Chuan said.

Prasong Seeks UN Request for Troops for Haiti

BK0210091894 Bangkok Radio Thailand Network in Thai 0530 GMT 2 Oct 94

[FBIS Translated Text] Speaking to reporters about sending Thai troops to participate in the rehabilitation and renovation of Haiti during an interview in Banff, Alberta Province, Canada, Foreign Minister Squadron Leader Prasong Sunsiri said he had informed the United States before coming to Canada that Thailand wants the United Nations to make a formal request as it used to do in the past. The foreign minister said he could not foresee any problem in this regard, adding that the Foreign Ministry has been coordinating with the Defense Ministry because the matter is regarded as the government's policy.

Asked about the apparent disagreement voiced earlier by the Thai Army commander, the foreign minister said that initially there was no chance to discuss the matter thoroughly. However, the Defense Ministry now realizes that the decision on this matter must be made at the government level. Besides, the sending of Thai troops to Haiti is intended for participation in the rehabilitation and renovation of that country. There will not be any use of force involved.

Meanwhile, Defense Minister Wichit Sukmak also said during an interview in Banff that Thai Government would consider such a request from the United Nations.

Prasong, Iran's Velayati Meet at UN Headquarters

BK0310050694 Bangkok Radio Thailand Network in English 0000 GMT 3 Oct 94

[FBIS Transcribed Text] Iran has proposed a tripartite cooperation among Thailand, Iran, and countries in central Asia. The proposal was made during a recent meeting between Iranian Foreign Minister 'Ali Akbar Velayati and his Thai counterpart Prasong Sunsiri at the United Nations headquarters in New York.

The two foreign ministers held consultations on ways and means to expand their bilateral relations. In this regard, Thailand was urged to use Iran as a gateway to countries in central Asia. Iran suggested that the Association of Southeast Asian Nations, ASEAN, step up cooperation with the Economic Cooperation Organization which comprises Iran and new countries in Central Asia.

The Iranian foreign minister invited Foreign Minister Prasong to visit Iran. He said the visit would mark a significant step in bilateral relations between the two countries. Foreign Minister Prasong accepted the invitation. He also invited the Iranian foreign minister to visit Thailand as well.

Economic Ties, Workers Issue Discussed With Libya

BK3009115394 Bangkok SIAM RAT in Thai 30 Sep 94 p 15

[FBIS Translated Text] Deputy Foreign Minister Surin Phitsuwan reported on the outcome of his recent visit to

Libya last week. He said that during talks Libyan authorities showed interest in economic cooperation with ASEAN countries. At the same time, Libya wants to apply the experiences and knowledge from growth in various fields of the countries in Asia and the Pacific for its national development.

The Thai deputy foreign minister expressed his sympathy with Libya for its boycott by the United Nations. Thailand admits that Thai laborers sent to work in Libya have become a major source of income for the country. However, the future economy of Libya is believed to be dependent on the conditions in Libya in connection with the boycott.

Ministry Dismisses Report on Supporting Taiwan

BK0210105994 Bangkok XING XIAN RIBAO in Chinese 2 Oct 94 p 8

[FBIS Translated Text] The Thai Foreign Ministry said yesterday that Thailand will not support Taiwan's bid to join international organizations such as ASEAN or GATT because Thailand recognizes only the PRC. The Foreign Ministry was dismissing a report by Taiwan's CENTRAL NEWS AGENCY that Thailand has expressed its support for Thailand's bid to join ASEAN and GATT. A Foreign Ministry official dismissed such a report as groundless. It is impossible to support Taiwan's bid to join ASEAN because ASEAN is limited to the Southeast Asian region, while Taiwan is located in Northeast Asia.

Government Urged To Fight Rising Inflation

BK0310041394 Bangkok THE NATION in English 3 Oct 94 p A6

[Editorial: "Action Needed To Fight Inflationary Expectations"]

[FBIS Transcribed Text] Inflation in recent months has made steady ground and is becoming an issue that nobody can deny. In some quarters of the economy, inflationary expectations are making their presence felt with wages being increased in anticipation of rising prices. The government, state enterprises and the private sector must prevent the current cost-push inflation from becoming a demand-pull inflation through excessive wage increases.

Inflation is the biggest threat to macroeconomic stability, a pillar of Thailand's economic growth. The lessons to be learned from spiralling inflation can be seen in a trail of tragic cases in Latin America and Eastern Europe.

What must be carefully watched and acted upon is the rising inflationary trend. The Bank of Thailand has revised this year's inflation target twice already—from 4.2 per cent to 4.8 per cent, and just last week to five per cent. Such a rate is seen as manageable for the high-growth Thai economy. Thailand currently has the fourth lowest inflation rate in Asia. With exports growing at more than 20 per cent, an inflation rate kept within reasonable bounds will be of no threat to the competitiveness of Thai products.

Half of the current inflation is caused by food prices due to higher demand throughout the world and limited supply. This in itself should be seen as a blessing in disguise. It means that Thai farmers ought to earn more and those producing less because of drought or for other reasons will have some price compensation.

Other reasons for the higher inflation rate include more domestic consumption. The banks' credit extension has swelled by more than 24 per cent in the first eight months of this year compared to the same period last year, while the target is about 21 per cent. The Bank of Thailand is now trying to make banks raise interest rates and slow down consumer spending.

Olan Chaiprawat, former top official of the Bank of Thailand and now president of Siam Commercial Bank, has also suggested that the government ought to reduce tariffs on capital goods to promote investment in the manufacturing sector, whose production capacities are reaching their limit. This will help sustain the country's economic growth and at the same time reduce excess liquidity in the financial system caused by tremendous inflows of foreign capital. But this scenario may cause higher inflation as the demand is boosted. Olan's suggestion, nevertheless, deserves to be scrutinized carefully as the policymakers trace a stable growth path for the country in the next few years.

The greatest worry about inflation comes from firms with inflationary expectations moving to raise prices, and labourers seeking higher salaries motivated by similar expectations. Nestle Thailand Co, with the biggest market share in instant coffee sales, has raised its prices for this reason, and this will worsen the inflationary outlook for food items. The Commerce Ministry regarded this as unjustified because prices were raised on old stocks. Nestle has been told to do better.

The government is now struggling to deal with demands for salary increases by state enterprise workers and management. The latter are seeking even higher increases than those awarded civil servants, which were approved by the Cabinet at an average of just over 14 per cent. But the state enterprise staff do not deserve such increases as their salaries are already higher than the civil servants' and there is much to be said about their level of service to the public.

The state enterprises salary claims are becoming a political hot potato because some politicians want to win favour from the state enterprise employees. But this is a dangerous ground to prod since excessive increases in this sector would lead to even higher inflationary expectations. Prime Minister Chuan Likphai must put his foot down and approve only a reasonable salary increase.

This will leave room for the private sector to make adjustments, something which is outside the control of the government. The private sector's salary increases are complicated by the fact that firms are raising wages to prevent braindrain. Economic growth naturally leads to higher demand for workers, especially skilled ones, as the economy becomes more sophisticated.

Inflationary issues will not go away and require careful management from all parties concerned. The 1994/5 balanced budget will help, but not enough. The tariff cuts to help lower the cost of investment in capital goods by firms will also assist.

The free flow of foreign capital in and out of the country has also made the task of the monetary authorities difficult, as witnessed now with banks having different positions on the direction of interest rates. The government must quickly come up with an counter-inflationary package for 1995, via both monetary and fiscal policies to fight potentially dangerous inflationary expectations.

Vietnam

Radio Alleges CIA Link With Haiti's Cedras

BK3009151694 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 30 Sep 94

[Station commentary]

[FBIS Translated Text] Dear Friends: For several days after U.S. troops landed, the situation in Haiti was calm without any shots being fired. Then violence erupted. Demonstrations held by supporters of former President Aristide have led to clashes with the Armed Forces and police. Residents who have kept a low profile due to oppression by the military government are now taking advantage of the presence of U.S. troops to seek revenge against their oppressors. Five Haitians considered supporters of the military authority were stabbed to death in (Boigner), a town outside Cap Haitien early on 26 September.

On 28 September, General Raoul Cedras stated that Haiti was in a state of lawlessness without Armed Forces to control the anarchy and violence. A group of leftist guerrillas has now taken control of (Boigner) town. It is noteworthy that violence has occurred not only among the Haitian people, but also between U.S. troops and the Haitian people. This occurred when U.S. Marines shot and killed 10 local civilians in Cap Haitien on 24 September. This is a serious incident and a stain on the U.S. troops. On 26 September, Amnesty International called for an investigation into this massacre.

One of the duties of the U.S. forces, which total 18,000 troops, is to maintain security and create conditions for restoring a democratic regime. Assessing the situation in the past few days, the public now realizes that the U.S. Army and its weapons have not returned security and stability to the Haitian people. Neither have they created a safe environment for democracy, as claimed by U.S. Defense Secretary William Perry.

U.S. troops are buying back weapons and ammunition from the Haitians, but the total value of the weapons in the Haitian community is estimated at only $30,000. However, many Haitians are not enthusiastic about surrendering their weapons, saying they need them to protect themselves.

Another event that cannot be ignored is that Gen. Cedras is determined to remain in Haiti after his resignation, a point he has confirmed many times. Why is Cedras so obstinate? Is he supported by a certain force? This is correct. U.S. newspapers have disclosed a relationship between Gen. Cedras and the Central Intelligence Agency. He collaborated with the CIA in the past and was on the payroll. Cedras has been financed by rich families in Haiti and [words indistinct] in California with the approval of the U.S. ambassador in Haiti. The existence of Gen. Cedras means the existence of a group under CIA sponsorship. This means that the power struggle continues between the Aristide group and the Cedras group despite the presence of 18,000 U.S. troops. In this scenario, the public wonders when Washington will restore democracy in Haiti. On 28 September, Haitian President Aristide accused the United States of pushing his country toward civil war.

Leaders Send National Day Greetings to China

BK3009161294 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 30 Sep 94

[FBIS Translated Text] On the occasion of the 45th anniversary of the People's Republic of China [PRC] National Day, party General Secretary Do Muoi, state President Le Duc Anh, Prime Minister Vo Van Kiet, and National Assembly Chairman Nong Duc Manh on 30 September sent a joint greetings message to Jiang Zemin, secretary general of the Communist Party of China Central Committee and president of the PRC; Prime Minister Li Peng; and Qiao Shi, president of the Standing Committee of the Chinese People's National Congress.

The congratulatory message reads:

We are happy to note that the Chinese people have over the past 45 years, under the leadership of the Communist Party of China, overcome countless difficulties and hardships and recorded important achievements, especially in the implementation of the reform and open-door policy, helping to change the face of a poor, backward, feudal-colonial China and turn it into a country with stable politics, a progressive society, a developed economy, unceasingly improved living conditions, and a growing role in the international arena.

We take this opportunity to sincerely wish the Chinese people new, greater successes in their reform and open-door policy to build an ever prosperous China and a happy life for the people.

Vietnam and China are neighboring countries and the people are bound by the long-standing traditional friendship. Friendly and cooperative relations between the two countries have in recent years developed considerably in many fields. The party, state, and people of Vietnam have always attached great importance to and tried their best to consolidate and promote the neighborly friendship and multi-sided cooperation with China in accordance with the two peoples' fundamental interests, and for the trends of peace, cooperation, and development in the region and the world as a whole.

On the same day, SRV Foreign Minister Nguyen Manh Cam also sent a greetings message to Qian Qichen, deputy prime minister and minister of foreign affairs of the PRC.

The Vietnam Union of Friendship Organizations and the Vietnam-China Friendship Association also sent messages of greetings to the Chinese People's Foreign Friendship Association and the Sino-Vietnam Friendship Association.

PRC Ambassador Hosts Reception

BK0110093294 Hanoi VNA in English 0644 GMT 1 Oct 94

[FBIS Transcribed Text] Hanoi VNA Sept. 30—Chinese Ambassador Zhang Qing and his wife gave a reception here this evening to mark the 45th national day of the People's Republic of China (Oct. 1).

Among their Vietnamese guests were Phan Van Khai, politburo member of the Communist Party of Vietnam Central Committee [CPV CC] and Deputy Prime Minister Pham The Duyet, politburo member of CPV CC and secretary of the Hanoi party committee, Bui Thien Ngo, politburo member of the CPV CC and minister of interior, and Hong Ha, secretary of the CPV CC and head of the party External Relations Commission.

Ambassador Zhang Qing brought out the achievements recorded by the Chinese people over the past years and the historical similarities of Vietnam and China, considering them a ground to further develop the cooperation between the two countries on the basis of mutual respect for each other's independence, sovereignty and territorial integrity.

For his part, Deputy Prime Minister Phan Van Khai highly valued the achievements recorded oy the Chinese people over the past 45 years and the positive steps in the development of the friendship and cooperation between Vietnam and China.

Ambassador Zhang Qing and Deputy Prime Minister Phan Van Khai raised toasts to the further consolidation and development of the bilateral friendly and cooperative relations.

Sino-SRV Relations Hailed

BK3009132394 Hanoi Voice of Vietnam in English 1000 GMT 30 Sep 94

[Station commentary]

[FBIS Transcribed Text] The Chinese people are celebrating their 45th national day on 1 October. The 45th national day comes as China's prestige has been increasing in the international arena while its relations with countries in the region, including Vietnam, have also been developing. On this occasion, let us have a look at the Sino- Vietnamese relations:

Forty-five years ago, the People's Republic of China came into being out of the [word indistinct] war-torn [word indistinct] colonial state. During the past four decades, the Chinese people have been trying very hard, especially since the early 1980's with the reform, open-door policy that changed the fate of the country with notable achievements. China is now able to feed its more than 1 billion people and also has also some spare for export. China's external economic relations have been developed noticeably with the coming into being of a number of prosperous economic zones. The Chinese people's living conditions have been improved and enjoyed more relations with many countries in the world and the region.

Vietnam and China have age-old traditional relationship and have many similarities in history and culture. The two peoples have helped each other in the fight for national liberation and in national reconstruction. It is encouraging to note that in recent years, the bilateral relations and cooperation have been developed. Two years ago, Vietnamese Party General Secretary Do Muoi and Prime Minister Vo Van Kiet paid official friendship visits to China. This officially marked the normalization of the relations between the two countries. Later on, President Le Duc Anh and National Assembly Chairman Nong Duc Manh also visited China. Chinese Prime Minister Li Peng and other Chinese leaders also officially visited Vietnam. On this occasion, Chinese leader Li Peng afffirmed that the party and Government of China have attached great importance to the preservation and development of the Sino-Vietnamese relations. He believed that the existing differences between the two countries would be solved in the principles of mutual understanding and peaceful negotiations.

Leaders of both Vietnam and China also believed that the bilateral trade ties will also be boosted up in accordance with the expectations of both sides. At present, cross-border trade between the two countries has been (?increasing). China has been (?interested) in upgrading all projects it has helped Vietnam build formerly such as the Ha Bac chemical and nitrogenous fertilizer union, Thai Nguyen steel and iron complex. These establishments are trying to operate at full capacity.

The Chinese people can be proud of both the external relations and achievements of China. The Vietnamese people believe that the bilateral relations between Vietnam and China will be further consolidated and developed, contributing to peace, stability, and cooperation in the region and the rest of the world.

Commentary Denounces Cambodian Immigration Law

BK0110144694 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 30 Sep 94

[Station commentary]

[FBIS Translated Text] The chances of getting the Cambodian immigration law changed or revised seem to be increasingly remote. Those backing the passage of this law have cited various reasons for having it immediately promulgated and put into effect. They have ignored the increasingly focused condemnation by the people of the world. Also, no concrete actions have been taken by the Cambodian leaders in response to Vietnam's well-intentioned proposal for an exchange of views at the expert level between the two sides prior to the promulgation of the law. A rolling ball is now following the footprints of the rulers of the Kingdom of Cambodia.

The lives of hundreds of thousands of foreign residents, particularly the large number of Vietnamese in Cambodia, are now under daily threat. This law, bound by numerous nonsensical and unjust articles and clauses, can be seen as a sword of Damocles hung over the head of every Vietnamese living in Cambodia. They may be arrested, detained, and deported without being given any legal recourse to protect their right of residence.

The legitimate concerns of Vietnamese nationals are increasing as the brutal massacres of defenseless Vietnamese families continue in many areas in Cambodia. And this concern is being multiplied since certain people in the Phnom Penh ruling circle have publicly decried Vietnam as Yuons. They have never concealed the fact that the primary purpose of this immigration law is to deport all Vietnamese residents in Cambodia.

Have the Vietnamese residents who have been in Cambodia for many generations done anything wrong to be resented and hated by these Cambodian rulers? How can they quickly forget the fact that the blood of countless Vietnamese fighters—many of whom are Vietnamese residents in Cambodia or their children—has been shed on Cambodian soil in the fight against the genocidal Polpotist clique? The tombs of those who have already sacrificed themselves for the friendship between the two nations of Vietnam and Cambodia are still there in Cambodian soil. How can they quickly forget the fact that in the days when the genocidal clique still ruled the roost, thousands and even hundreds of thousands of Cambodian people had to flee their homeland to take refuge at the Vietnamese border.

One cannot forget the significant statement made by Mr. Hun Sen when he was the prime minister of the People's Republic of Kampuchea in which he said that certain members of the public have held that Cambodia is enslaved by Vietnam. One may ask why, when the genocidal clique was rampaging against and killing the Khmer people, did those who are now critical of us not dare to make any move? What would have happened to the Cambodian situation if Vietnam had not come to the rescue?

We have no intention of recounting history to remind others of the favor we did them but rather to demonstrate a fact, which is as clear as daylight, that the Vietnamese nation will consistently continue to regard Cambodia as a close and friendly neighbor—one with whom we can share weal and woe, both in favorable situations and in difficult moments. The presence of Vietnamese residents in Cambodia is natural, as is the case with many other foreign residents and with countless Cambodian people now living far away from their motherland. They have the duty and obligation to respect the law of the country of their residence. As they are not doing anything illegal, how can the Cambodian rulers create this law or that regulation to cause such a catastrophe? It is necessary to recall that not only is this law at variance with the Paris agreement of 1991, but it also runs counter to various international documents on human rights, which the Cambodian Government has the obligation and duty to respect and comply with.

Sooner or later this law will be put into effect. Well-informed people can foresee the unsavory consequences of this move. The political situation in Cambodia has not been genuinely stable. The Khmer Rouge forces continue to conduct sabotage activities. They have held many foreigners hostage, made threats, and created disturbances in various areas. Faced with such a situation, the Cambodian rulers have invited more trouble for themselves through their attempt to deport Vietnamese residents. Everyone, even with the least intelligence, can see whether the imminent situation will be at peace or in danger [nooix an hay nguy dieenx ra trong sowms toois].

Protecting the lives of Vietnamese residents in Cambodia is the responsibility of the Vietnamese Government and of the Vietnamese people. These well-intentioned proposals, which are compatible with morality and the people's aspirations, presented by Vietnamese leaders to the Cambodian side are still there. Even though the date for this law to go into effect is drawing near, we still have high hopes.

Commentary Calls for Negotiations

BK0310125394 Hanoi Voice of Vietnam in English 1000 GMT 3 Oct 94

[Station commentary]

[FBIS Transcribed Text] Acting Head of State Chea Sim signed a new law on immigration under the order of King Norodom Sihanouk of Cambodia. The law on immigration was adopted by the Cambodian National Assembly on September 22, but it was officially made public by Cambodian National Television on October 1. Thang Long will now bring you our radio comment on the issue.

Prior to being adopted, the law on immigration faced criticism by the world people, because some of its provisions are against international law and practices. The ASIA WEEK commented that the real nature of the law was to oppose those who are not Khmer, even though they have been living in Cambodia for many generations. The main purpose of the law aims at Vietnamese nationals living in Cambodia. The ASIA WEEK even remarked that the Cambodian Government would like to use this law as a pretext to chase away all Vietnamese nationals who are now in Cambodia. The law includes one provision allowing the Cambodian authorities to revoke their residence permission and expel them out off the country. The realities have proved this. One month after the adoption of the law on immigration, ill-treated activities were conducted against Vietnamese residents in Cambodia.

Phnom Penh tried to ask the United Nations High Commissioner for Refugees [UNHCR] to receive Vietnamese residents in Cambodia and bring them back to Vietnam. Along its border line, checking points were set up to collect all identification cards of those who are not Khmer, and the local authorities have the rights to detain all those people. Cambodian policemen have detained and took away the property of many Vietnamese nationals without any reasons. UNHCR warned that the new law on immigration has created tension between the two countries and UN Secretary General Butrus Butrus-Ghali said that the law breaches human rights and asked the Cambodian Government to reconsider it.

In Vietnam, Vietnamese state leaders President Le Duc Anh and Prime Minister Vo Van Kiet sent letters to King Norodom Sihanouk, expressing their concern over the negative response of the law and proposed a negotiation of the issue. King Sihanouk has already asked the National Assembly of Cambodia to review the law. However, the law on immigration has been made public without any reconsiderations. It means that a new tragedy of Vietnamese nationals in Cambodia is unavoidable. It is unfair to adopt a law against Vietnamese nationals who have been living in Cambodia for a long time, and who have joined their efforts with the Cambodian people to overthrow the genocidal regime and to make contributions to the economic development in Cambodia.

In the interest of the human rights and the friendly relations between the two countries, Cambodia should conduct, as early as possible, negotiations with Vietnam to find a solution to limit the negative responses to the law on immigration and to ensure the life and security of the Vietnamese people in Cambodia.

Iraqi Trade Minister, Delegation Depart

BK0110151394 Hanoi VNA in English 1413 GMT 1 Oct 94

[FBIS Transcribed Text] Hanoi VNA Oct. 1—A delegation of the Iraqi section of the Iraq-Vietnam Joint Committee led by Iraqi Minister of Trade Muhammad Mahdi Salih who attended the eight conference of the committee left here today.

This morning, Financial Minister Ho Te who is also chairman of the Vietnamese section of the joint committee and Iraqi Minister of Trade Muhammad Mahdi Salih who is also chairman of the Iraqi section of the joint committee signed in Hanoi a memorandum of understanding of the eighth conference of the committee which had successfully concluded.

At the conference, the two delegations exchanged views on possibilities of economic and commercial cooperation between the two countries and agreed plans to export goods to Iraq and to pay debt in 1995.

During its stay in Vietnam, the Iraqi delegation paid courtesy visits to Prime Minister Vo Van Kiet and National Assembly Chairman Nong Duc Manh.

Radio Reviews Economic Relations With Iraq

BK3009115594 Hanoi Voice of Vietnam Network in Vietnamese 0015 GMT 30 Sep 94

[From "International Topics Program" feature]

[FBIS Translated Text] Dear friends: The eighth conference of the Vietnam-Iraq Intergovernment Committee for Economic, Cultural, Scientific and Technological Cooperation took place during 28-30 September in Vietnam. The conference was appraised as having significant importance in the promotion of friendly and traditional relations between Vietnam and Iraq. In the first part of the program today, on occasion of the conference, International Topics Program's Editor Diep Anh has an essay introducing the Vietnamese-Iraqi friendly and cooperative relations.

Right from the very early years of the Vietnam's anti-American national salvation resistance and with a feeling of fraternal unity, Iraq took viable steps to help us, such as giving us nonrefundable aid of 400,000 tonnes of crude oil, 200 tractors, $5 million, and loans with favorable conditions of $77 million and over 4 million tonnes of crude oil.

During the period of reconstruction after the war, our friends, understanding our difficult circumstances, had delayed the due date of debt for 10 years and agreed that repayment would be made with goods and labor of guest workers. In accordance with the agreements signed between the two sides before 1990, we had sent over 16,000 workers to Iraq, and our friends highly acknowledged fine results of the cooperation.

Due to objective circumstances of the Gulf war, we had to repatriate all workers, and the liquidation of debts has been less convenient since then. Relations between the two countries have been gradually growing from the level of mutual help during difficult times to the higher level of cooperation reached in the last several years. The two sides have signed many important agreements that paved the way for trade activity, cultural exchange, science, and technology. They are the agreement on cooperation on trade, economy, science and technology signed in 1977, the agreement on cultural cooperation signed in 1979, the agreement on loan of crude oil signed in 1975-76, and the agreement on cash loan signed in 1979. Also during this time period the intergovernmental committee for economic, scientific, and technological cooperation was established and the first conference was held in September 1978 to review achievement in previous years and to work out plans for future task.

The eighth conference of the Vietnam-Iraq Intergovernment Committee is taking place in Hanoi during 28-30 September in an atmosphere of sympathy and understanding. The conference will focus on repayment of debt by Vietnam to Iraq according to the existing agreements. The two sides will agree on the amount Iraq owes Vietnam Airlines, which will be deducted from Vietnam's debt, on a plan to export goods to Iraq next year, and on labor cooperation possibilities. Vietnam has satisfactorily carried out the agreement with Iraq on repaying its debt with merchandise. In 1994, Vietnam remitted an extra out-of-plan $2 million, and in 1995 it will strive for a repayment figure similar to that of 1994.

Speaking at the conference, His Excellency Dr. Muhammad Mahdi Salih, Iraqi trade minister and chairman of Iraqi committee in the Vietnam-Iraq Intergovernment Committee, praised Vietnam's effort in honoring the agreements since the last conference, and reaffirmed fine prospects that the two sides can develop to further promote long-term and multifaceted relations. His Excellency Dr. Muhammad Mahdi Salih said:

[Begin Salih recording in Arabic, fading into Vietnamese translation] The friendly and traditional relations between Vietnam and Iraq are serving as a solid foundation for future cooperative relations. Both Vietnam and Iraq possess economic potential that could bring bilateral cooperative and mutually beneficial relations to a new higher level. At present, the people of Iraq are enduring a major obstacle in the blockade and embargo that has been going on for four years, but we are doing our best to overcome the difficulties. The stability that we sustained in the past years will help us overcome the obstacle, just like the people of Vietnam surpassed immense difficulties and eventually won in the struggle. During this particularly difficult period of time, we heartily thank Vietnam for having implemented all commitments engaged in the last conference regarding repayment of debt to Iraq. I believe that the fine relations between Vietnam and Iraq will be consolidated and developed on the ground of mutual understanding and sympathy. [end recording]

Radio Terms Ties With ROK 'More Effective'

BK0310134494 Hanoi Voice of Vietnam in English 1000 GMT 3 Oct 94

[FBIS Transcribed Text] October 3d is the national day of the Republic of Korea [ROK]. On this occasion, Radio Voice of Vietnam [VOV] would like to bring you its review of relations between Vietnam and the ROK. In his first official visit to Vietnam in August 1994, Prime Minister of the ROK Yi Hoe-chang said that the relations between his country and Vietnam have been developing rapidly due to the demands and possibilities from both sides. He remarked that South Korea and Vietnam could be close friends because of their cultural and historical similarities.

We can say that these comments reflect the real relations between the two countries. Actually, the diplomatic relations between the two countries were officially set up after the signing of a joint communique on December 22d, 1992 and early in 1993, the two countries officially set up their embassies in their respective capitals. However, cooperation between the two countries developed before the official diplomatic relations. Their cooperation was implemented in many indirect forms through South Korean companies and nongovernmental organizations. Their cooperation has been further developed in many fields after the two countries had diplomatic relations. Especially, since the visit to the ROK by Prime Minister Vo Van Kiet and the visit to Vietnam by Prime Minister Yi Hoe-chang, relations and cooperation between the two countries have become more effective.

South Korea granted an official development aid of 50 million U.S. dollars for the construction of infrastructure and a nonrefundable aid of 10 million U.S. dollars. A number of important agreements had been signed, including the agreement on investment protection and encouragement, on trade, and on avoidance of double taxation. In 1993, a two-way trade turnover reached 800 million U.S. dollars and in the first six months of 1994, South Korea has invested in 62 projects in Vietnam with a total capital of 680 million U.S. dollars. South Korea ranks the third among 60 foreign countries who invest in Vietnam after Taiwan and Hong Kong. Big corporations from South Korea such as Daewoo, Samsung, Lucky Goldstar have invested in many projects in Vietnam.

Commenting on Vietnam's economy, Kim Sun-cho, general director of Daewoo Corporation said that Vietnam had many important factors for a quick economic development. One of the factors is the open-door policies, which are correct and suitable to the present situation, and these policies would help broaden and develop Vietnam's relations with other nations and encourage foreign investment in Vietnam. As a result, relations between Vietnam and other countries, including the ROK, have been improved very quickly.

Indonesian Defense Institute Delegation Visits

BK0310122294 Hanoi VNA in English 0607 GMT 3 Oct 94

[FBIS Transcribed Text] Hanoi VNA October 3—A delegation of the Indonesian National Defence Institute led by Maj. Gen. Pandi Susilo has paid a working visit here recently at the invitation of the High Military Institute and the Ministry of Defence of Vietnam.

While here from September 23-28, the delegation was cordially received, on separate occasions, by deputy minister of defence and chief of staff of the Vietnam People's Army Sr. Lt. Gen. Dao Dinh Luyen, and Deputy Minister for Foreign Affairs Le Mai.

The Indonesian guests also paid tribute to the late President Ho Chi Minh at his mausoleum, visited his residence, the Army Museum, the Hoa Binh hydroelectric power plant and the High Military Institute.

Vo Van Kiet Inspects Flooded Area in An Giang

BK0110105894 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 30 Sep 94

[FBIS Translated Text] On 30 September, Prime Minister Vo Van Kiet inspected flash floods in An Giang Province, where he gave instructions on measures to overcome the damage caused by the floods. The An Giang Party Committee and the People's Committee reported to him on the flood situation, the damage, and measures to help flood victims. At present, the water level is receding, but there could be two more high tides in the coming period.

The local flash floods have killed 44 persons, mainly children, and caused property damage of about 150 billion dong. The damage is to agricultural products, housing, and the infrastructure, including schools, medical stations, public roads, and water reservoir projects. The floods have inundated 40,000 houses, including 8,600 houses that have collapsed, with their occupants having to be moved to other places. Eighty people have needed emergency food supplies. The floods have destroyed about 36,000 tonnes of rice from the summer-fall and 10-month rice crops.

An Giang Province was quick in issuing flood alerts and in allocating 600 million dong for measures to limit the damage caused by the floods, thus saving many lives as well as private and public property. The province has allocated more than 500 million dong from the local budget and public donations to provide food to flood victims. It has spent 800 million dong and given 1,000 sampans to help people move around in flooded areas. The province has also lent each household 500,000 dong to buy fishing equipment. At present, the province needs 32 billion dong to help the victims with temporary accommodation and medical care.

The prime minister instructed various echelons and levels in An Giang to concentrate their efforts on preventing starvation and providing temporary accommodation for the victims. He reminded them to pay attention to fuel supplies if the flooding persists. At the same time, the province must make plans for the restoration of education services and health care and the cultivation of the 1994-1995 winter-spring rice crop when the floods are over.

Chairs Conference To Overcome Flooding

BK0310045794 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 2 Oct 94

[FBIS Translated Text] After a working visit to An Giang Province, Prime Minister Vo Van Kiet chaired a conference on 1 October in Long An Province to discuss measures to overcome the consequences of the flood in the provinces of the Mekong River Delta region. The comrades provincial party secretaries and people's committee chairmen of the provinces concerned, and the government's working party in the region attended the conference.

At the conference, the comrades chairmen of the people's committees of flooded provinces and leaders of the ministries of Water Conservancy; Finance; Labor, War Invalids, and Social Welfare; Public Health; Education; and the State Bank reported to the prime minister on the measures taken to prevent, control, and counter consequences of the flood in the localities concerned.

Prime Minister Vo Van Kiet expressed his profound sympathy with the difficulties and losses borne by local people in this year's rainy and flooding season. Prime Minister Vo Van Kiet praised the high spirit of self-reliance and determination of the people, the party committees, and local administrations in overcoming the difficulties and minimizing the damage caused by the flood. The prime minister reminded local authorities to remain watchful during the rainy season. They were also told to prepare to counter the prolonged the rain and flooding, and to mobilize manpower and coordinate effectively with all relevant resources and activities to cope with all circumstances. In the immediate future, the localities can temporarily borrow capital from the State Bank to help local farmers buy small boats. The government will subsidize 15 billion dong out of the 30 billion dong needed in interest-free loans to help farmers buy boats and nets.

In localities where risk of landslide is prevalent, the local administrations should arrange for transport to evacuate people to safer areas, while every effort should be exerted to help these displaced people maintain normal lives.

On longer term tasks, Prime Minister Vo Van Kiet requested the relevant sectors to work out detailed development plans with concrete directions for the strategically important Mekong River Delta region. The prime minister also gave concrete orientation to sectors in working out plans to control and prevent floods for the period of 1996-2000, taking into account the complex developments upstream of the Mekong River, research in transportation projects for the region, planning new homes, as well as wasteland reclamation projects in the Plain of Reeds region.

President Pays Working Visit to Ha Tay Province

BK0210134794 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 2 Oct 94

[FBIS Translated Excerpt] Dear friends: During his two-day working visit to Ha Tay, President Le Duc Anh concentrated his efforts on assessing the implementation of the party Central Committee's fifth plenum resolution and other party resolutions by a province whose economy still relies mainly on agriculture. President Le Duc Anh devoted much of his time to visiting and holding a working session with leading officials at Van Phuc village. He also toured the Thang Tam Electrical and Mechanical Appliances Facility in Ha Dong Township, the Vietnam-Mongolia Collective Farm, and the Ba Vi Cow Breeding Center. [passage omitted]

Dear friends: At his working session with leading officials in Ha Tay Province, President Le Duc Anh expressed satisfaction with the fact that the party Central Committee's fifth plenum resolution has been quickly applied to life in Ha Tay Province. The president reminded the provincial party organization and administration of the need to seriously implement all party policies and resolutions, boost production, and improve the people's living conditions.

Before leaving Ha Tay, President Le Duc Anh toured the Ba Vi National Park and Son Tay township. He called the attention of local party organizations and administrative organs at all levels to the importance of the Ba Vi National Park development project and to the need to turn Son Tay township into an economic, cultural, and tourist center.

Composition of People's Committees Decreed

BK0110112094 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 1 Oct 94

[FBIS Translated Text] The government recently issued Decree No. 174/CP to regulate the composition and roles of the people's committees, the chairman of the people's committees, and the vice chairman at various levels.

People's committees of the cities of Hanoi and Ho Chi Minh consist of one chairman, four vice chairmen, and six ordinary members. The chairman of the people's committee is generally in charge of internal affairs, planning, and municipality planning with the assistance of the city's chief architect. Vice chairmen are responsible for the economy, finance, trade, the external economy, cooperation and investment, suburban socioeconomic development, culture, social, public health, education, sports, and other domains such as industry, transportation and communications, science and technology, municipal projects, and housing. Other ordinary members of people's committees are assigned specific fields such as public security, the military, organization, inspection, planning, finance, labor, war invalids, social welfare, and office management.

People's committees of all provinces as well as Haiphong City consist of one chairman, three vice chairmen, and five ordinary members. Provinces with populations over 1.5 million can appoint more members to take charge of inspection, labor, war invalids, and social welfare, but the total number of members of the people's committee should not exceed 11.

District level people's committees will have one chairman, two vice chairmen, and six ordinary members. Smaller districts will have people's committees with seven members.

People's committees of towns, district towns, and cities which are under the direct management of provinces consist of one chairman, two vice chairmen, and six members. People's committees of villages consist of one chairman, one vice chairman, and five members. Villages with populations under 3,000 in complex locations will have people's committees with a total of five members.

People's committees at city ward level have one chairman, one vice chairman, and five members.

Article four of the decree also explains that the purpose of this decree is to regulate the organization of people's committees which will be elected for the office term 1994-99. Previous regulations that differ with those in this decree are to be abolished.

British Petroleum Executive Interviewed

BK3009025194 Hanoi Voice of Vietnam in English 1000 GMT 29 Sep 94

[Interview with British Petroleum executive (Michael Zohan) by an unidentified station correspondent; place, date not given—recorded]

[FBIS Transcribed Text] [Correspondent] As chief executive of BP [British Petroleum] in Hanoi, can you tell us about the business activities of BP in Vietnam?

[(Zohan)] BP first signed a contract in Vietnam in February 1989, and that was the contract [word indistinct] Vietnam to explore for oil and gas in an area offshore in the region of Danang, and since then we have become involved with three other exploration contracts with PetroVietnam. We have drilled 10 exploration wells and we have had some success and some failure in our exploration. And in the area near Danang, we found a very large gas field and we were quite excited about it at first, but unfortunately for us the composition of the gas is not very good. In fact, almost 80 percent of it is carbon dioxide, and this gas cannot be used commercially. But in the other areas offshore Vung Tau we have had some more success. Together with our Norwegian partners [words indistinct]—that is the Norwegian state oil company—and the Indian state oil company, we have found some good quality gas. And at the moment we are trying to assess exactly how much gas is there, but we are fairly confident that there is enough gas there to enable us to spend the very large sums of money that we would need to spend in order to develop it, to produce it, to bring it to Vietnam, and sell it. So far in our exploration work we have spent quite a lot of money, about $350 million so far. If we decide that we have enough gas to produce it, then we will have to spend much more to develop that gas field. It will cost something like $1 billion. So we are going to become a very heavy investor in Vietnam.

The other main business that we do in Vietnam is to blend and supply oil lubricants, and we do this through a joint venture with Petrolimex. We have formed a joint company called BP-Petrol and we now employ a staff of some 70 Vietnamese in that company and five expatriates. The company has been quite successful because, we should recall that five years ago when we first came here, very few people in Vietnam know anything about BP. Our name was not well known. But we've had to work quite hard with a lot of advertising and publicity to introduce ourselves to the Vietnamese people, and I'm happy to say we've done that quite successfully. We believe that we have supplied something like one-fourth of all the lubricants consumed in Vietnam and that out of these [words indistinct].

[Correspondent] Why did BP select Vietnam as early as 1989 to do business?

[(Zohan)] Well, we were always interested in the opportunities for exploration for oil or gas here, and although we hadn't got much data to work on, our geologists knew enough about the geology of Vietnam and the surrounding countries to recognize that it had great potential for exploration. So when we knew that the foreign investment law had been passed in December 1988 and that would enable foreign oil companies to come and work in Vietnam with PetroVietnam, we very quickly made an application through the British Embassy here to come and [words indistinct] PetroVietnam. So it was the exploration opportunities that brought us here, but once our exploration company was working here we very rapidly realized that there were many other business opportunities for us in Vietnam, and that has led us into the lubricants business and it will lead us into other businesses too.

[Correspondent] What advantages and disadvantages have you met in Vietnam?

[(Zohan)] The advantages, I think, have been the very strong priority placed by the Government of Vietnam on oil exploration, and it's the assistance we've received from PetroVietnam in carrying out our work, because it really has been a remarkably quick and successful operation for PetroVietnam and for the foreign oil companies. PetroVietnam has managed to negotiate 27 new contracts with foreign oil companies since the beginning of 1989 and that is a remarkable number and a great credit to PetroVietnam, and in our operations we have always received a great deal of support from them and the government has also supported our efforts. We needed, for instance, to make contracts with foreign subcontractors. We have had no difficulty at all in obtaining the approvals we need for them to work in Vietnam to support our operation. So there we have been very pleased and there have been great advantages to it.

Disadvantages are not very many, in fact, in Vietnam. People always expect when they ask that question that my answer will be: Oh, there are many disadvantages. The infrastructure in the country is very old and it doesn't support the operations of a modern oil company. But in fact that isn't true. What we have found is that when we require support from the government we get it very quickly. So our difficulties have really been very [word indistinct] which you would expect an oil company to encounter when it's moving into a new country. I've said before Vietnam didn't know us five years ago, but of course we didn't know Vietnam either. And we had to spend some time learning about the administration system of the government in Hanoi; learning about the relevant Vietnamese laws; learning about the Vietnamese people and their customs and how business is done here. But I think we have overcome all of those problems now and we do understand how to do business here and I believe we can accelerate our work in the future, in fact.

Vietsovpetro's Oil Production Output Increases

BK0110152494 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 30 Sep 94

[FBIS Translated Text] As of the end of September, the Vietsovpetro enterprise had successfully tapped 5.16 million tons of crude oil or 81.7 percent of its last year's output. Previously, it had taken the enterprise 4.5 years—from mid-1986 to late 1990—to tap 5 million tons of crude oil. However, this time the enterprise was able to tap over 5 million tons within only 9 months. In addition to making these efforts at oil exploitation, the enterprise has delivered all the quantity of crude oil tapped so far for export.

The enterprise has built and perfected an additional drilling platform and has put an additional 13 oilfields into operation, thus increasing its daily output to 19,500 tons.

To put the Rong oilfield into operation promptly, the enterprise has completed laying a 20-km pipeline linking the Bach Ho oilfield and the Rong oilfield. This pipeline is also designed to ensure safe and uninterrupted operations for these oilfields, even during the times when an oil-filling mobile station is sent for periodic repair.

Also during the reported period the enterprise signed a contract with a foreign country to transform the Ba Vi oil-containing ship into Oil-Filling Mobile Station No. 3 for use at the Rong oilfield in the coming November. This is to help increase the enterprise's daily oil production output to over 20,000 tons.

Australia

Delegation To East Timor Raises Rights Issues

BK0210130294 Melbourne Radio Australia in English 1100 GMT 2 Oct 94

[FBIS Transcribed Text] The leader of an Australian parliamentary delegation to East Timor says the Indonesian Government may be considering a political response rather than a military one to the activities of pro-independence rebels.

The delegation of four members of parliament has returned to Australia after raising human rights issues with Indonesian officials and the governor in East Timor after troops killed five pro-independence rebels in a clash last week. The delegation leader federal labor party MP [member of parliament], Martyn Evans, says greater autonomy for the former Portuguese colony was discussed and the Indonesian recognized the need for a political solution.

Papua New Guinea

Prime Minister Meets Kauona in Solomon Islands

BK2909090294 Melbourne Radio Australia in English 0100 GMT 29 Sep 94

[FBIS Transcribed Text] Papua New Guinea's [PNG] prime minister, Sir Julius Chan, and the military commander of the Bougainville Revolutionary Army [BRA], Sam Kauona, had met in the Solomon Islands capital, Honiaria. The meeting followed a statement by General Kauona that he was disassociating himself from an agreement in Fiji on the deployment of the South Pacific Peacekeeping Force for Bougainville.

Sean Dorney reports that Sir Julius arrived in Honiara on his way back to Port Moresby from signing the status of forces agreement in Suva.

[Begin recording] [Dorney] BRA's military commander had refused Sir Julius Chan's offer of a seat on his charter to witness the signing of the status of forces agreement. However, with the agreement signed and the training underway in Townsville of the 400-plus strong force with soldiers from Fiji, Tonga, and Vanuatu, Sam Kauona, was waiting at the Honiara Airport when Sir Julius flew in and they met for an hour.

On the flight back to Port Moresby, Sir Julius took over the plane's PA system to announce what they have agreed.

[Chan] We have finally agreed that the peace conference will proceed.

[Dorney] That peace conference is to be held in Arawa on 10 October and will be chaired by a Solomon islander. [end recording]

Chan Says Bougainville Peace Meeting To Proceed

BK0310103494 Melbourne Radio Australia in English 0500 GMT 3 Oct 94

[FBIS Transcribed Text] Papua New Guinea's prime minister, Sir Julius Chan, says the Bougainville peace conference will go ahead on 10 October with or without the rebel military commander, Sam Kauona. Sean Dorney reports that Sir Julius visited five centers on Bougainville at the weekend and he has returned to Port Moresby convinced there is overwhelming support on the island for the peace conference.

[Begin Dorney recording] Sir Julius Chan addressed crowds at Wakunai on the northeast coast, at Arawa the provincial capital, at Tonu and Boku in the southwest, and Buin in Bougainville's far south amid claims his peace initiatives had been welcomed with enthusiasm.

At Buin, he met (Paul Bobby), the Bougainville Revolutionary Army's [BRA] most prominent southern area commander. The BRA's overall military commander, Sam Kauona, was still in Honiara, raising objections to the way the peace agreement he signed with Sir Julius last month is being implemented, but Sir Julius says nothing will stop the peace conference now. [end recording]

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